Robert

I enclose a copy of our draft annual report - incomplete and still under 6th editorial and substantial changes by Acting Commissioners. Members have commented on it.
We are desperately short of
CONFIDENTIAL

DRAFT

REPORT OF THE COMMISSIONER-GENERAL
OF THE
UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES
IN THE NEAR EAST

1 July 1966 - 30 June 1967

24 August 1967
INTRODUCTION

On 5 June 1967 armed conflict erupted between Israel and the Arab States. When the firing ceased, Israel was in occupation of the Gaza Strip and the Sinai Peninsula, the West Bank of Jordan and the south-western corner of Syria. More than half of the refugees registered with the United Nations Relief and Works Agency for Palestinian Refugees in the Near East had been living in these areas; over 300,000 persons, including some 120,000 registered refugees, had been rendered homeless or had left their homes as a result of the hostilities. Many had lost their homes for the second time in their lives. In addition to the grave political issues at stake, the fresh tragedy which had engulfed the Palestine Arabs confronted the international community, and UNRWA in particular, with new and urgent problems of a humanitarian character.

2. The following report is submitted to the General Assembly in compliance with paragraph 21 of General Assembly resolution 302 (IV) of 8 December 1949 and of paragraph 11 of resolution 916 (X) of 3 December 1955. More than eleven months of the customary reporting period had elapsed before the outbreak of hostilities, which resulted in a radical change in the Agency's priorities. Part I of this report accordingly covers UNRWA's "normal" programme, as it functioned prior to June 1967. Part II presents a budget for the calendar year 1968, with comparable figures for 1966 and 1967, setting out the estimated costs of the normal programme and also the additional costs resulting from the emergency, so far as these can be foreseen. The detailed information in the annexed tables...

1) Information concerning the origin of the Agency and its mission and work prior to 1 July 1966 will be found in the following annual reports and other United Nations documents:


C. Report by the Secretary-General under General Assembly Resolution 2252 (ES-V) and Security Council Resolution 237 (1967) (A/6787).
C. Proposals for the Continuation of United Nations Assistance to Palestine Refugees. Document submitted by the Secretary-General to the Fourteenth Session of the General Assembly (A/4121).

D. Reports of the Director (Commissioner-General) of UNRWA and special reports of the Director and Advisory Commission to the General Assembly:

(a) Official Records of the General Assembly, Fifth Session, Supplement No. 10 (A/1451/Rev.1);
(b) Ibid., Sixth Session, Supplements Nos. 16 and 16A (A/1905 and Add.1);
(c) Ibid., Seventh Session, Supplements Nos. 13 and 13A (A/2171 and Add.1);
(d) Ibid., Eighth Session, Supplements Nos. 12 and 12A (A/2470 and Add.1);
(e) Ibid., Ninth Session, Supplements Nos. 17 and 17A (A/2717 and Add.1);
(f) Ibid., Tenth Session, Supplements Nos. 15 and 15A (A/2978 and Add.1);
(g) Ibid., Eleventh Session, Supplements Nos. 14 and 14A (A/3212 and Add.1);
(h) Ibid., Twelfth Session, Supplement No. 14 (A/3686 and A/3735);
(i) Ibid., Thirteenth Session, Supplement No. 14 (A/3931 and A/3948);
(j) Ibid., Fourteenth Session, Supplement No. 14 (A/4213);
(k) Ibid., Fifteenth Session, Supplement No. 14 (A/4478);
(l) Ibid., Sixteenth Session, Supplement No. 14 (A/4861);
(m) Ibid., Seventeenth Session, Supplement No. 14 (A/5214);
(n) Ibid., Eighteenth Session, Supplement No. 13 (A/5513);
(o) Ibid., Nineteenth Session, Supplement No. 13 (A/5813);
(p) Ibid., Twentieth Session, Supplement No. 13 (A/6013);
(q) Ibid., Twenty-first Session, Supplement No. 13 (A/5313);
(r) Ibid., Fifth Emergency Special Session, Supplement No. (A/6723 and Add.1)

E. Pertinent Assembly resolutions:

194(III) of 11 December 1948; 212(III) of 19 November 1948; 302(IV) of 9 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; 1018(XI) of 28 February 1957; 1191(XII) of 12 December 1957; 1315(XIII) of 21 April 1961; 1725(XVI) of 20 December 1961; 1856(XVII) of 20 December 1962; 1912(XVIII) of 3 December 1963; 2002(XIX) of 10 February 1965; 2052(XX) of 15 December 1965; 2154(XXI) of 17 November 1966; 2252(ES-V) of 4 July 1967.
relates largely to activities before the hostilities. The effect of
the conflict on UNRWA's operations and the Agency's efforts to provide
emergency aid to refugees already registered with it, and to carry out
the wider mandate entrusted to it under General Assembly resolution 2252
(ES-V) of 4 July 1967, are described below in paragraphs 24 and 45
which cover the period up to the end of August 1967. The introduction
also attempts to forecast the situation and the needs which will emerge
in 1968 and seeks the General Assembly's guidance on the point which
UNRWA should endeavour to take in meeting those needs and the means by
which it might be enabled to do so.

The situation before June 1967

3. Until June 1967, there was no change in the trends which had been
apparent in recent years and no solution of UNRWA's basic dilemma - the
ever-widening gap between resources and needs - was in sight. The number
of registered refugees continued to grow and by the end of May 1967 had
reached 2). The number of persons entitled to receive UNRWA's health
services increased correspondingly. The number of children attending UNRWA
schools grew even more rapidly, by over six per cent as compared with the
previous year. The distribution of foodstuffs continued to be limited by
ration ceilings, with the result that the number of children registered
but excluded from food distribution lists mounted to 286,904.

4. The effect of these trends over the last several years is indicated
in the Agency's expenditures, which have been as follows (in US $ millions):

<table>
<thead>
<tr>
<th>Year</th>
<th>Relief</th>
<th>Health</th>
<th>Education</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>17.3</td>
<td>4.9</td>
<td>14.0</td>
<td>36.2</td>
</tr>
<tr>
<td>1964</td>
<td>17.7</td>
<td>5.0</td>
<td>14.5</td>
<td>37.2</td>
</tr>
<tr>
<td>1965</td>
<td>17.8</td>
<td>4.9</td>
<td>14.9</td>
<td>37.6</td>
</tr>
<tr>
<td>1966</td>
<td>17.3</td>
<td>5.0</td>
<td>15.2</td>
<td>37.5</td>
</tr>
<tr>
<td>1967 (est. at 1.9.67)</td>
<td>17.5</td>
<td>5.1</td>
<td>15.5</td>
<td>37.0</td>
</tr>
</tbody>
</table>

2) The figures as on 30 June 1967 were 1,377,590.
It may be seen that the total expenditure on relief services as a whole did not greatly increase and this was in spite of an increase of over $1 million in food costs and unavoidable increases in salaries and wages. Similarly expenditure on health services did not greatly increase, although the population entitled to these services had grown by over 125,000 persons. For education, however, the annual rate of expenditure increased by $2.3 million between 1963 and 1967.

5. The increased demands on the Agency's services continued to press total expenditures upward, despite further efforts to restrict administrative and overhead costs and further reductions in the number of international staff. Income continued to lag far behind the cost of essential services for the refugees and, after four successive years of deficit, it seemed likely by the end of May that even if some hoped-for additional contributions were received, the 1967 budget would still be unbalanced by as much as $4 million. This continuing financial crisis, which confronted the Agency with the harsh alternatives of progressively curtailing various services to the refugees or of risking an abrupt collapse when in a year or so's time its last remaining reserves ran out, had been discussed at two sessions of the Agency's Advisory Commission earlier in the year, and it had been intended to have another meeting about mid-year to consider the problem further.
6. In order to secure greater flexibility in the use of the Agency's dwindling assets, the Commissioner-General, with the approval of the Advisory Commission, presented to the Secretary-General and to the Advisory Committee on Administrative and Budgetary Questions a proposed amendment of UNRWA's Financial Regulations which would give him wider latitude in treating governmental pledges announced, but not yet paid, as funds to meet future, long-term commitments and thus release cash which up to the present had been earmarked to meet such commitments. The Secretary-General and the Advisory Committee gave their approval to this amendment on 23 June 1967.

3) The amended regulation 9.5 reads as follows: "After consideration by the General Assembly the budget shall constitute authority to the Commissioner-General to incur commitments and to make disbursements for the purposes provided, to the extent that contributions are actually received or other funds are actually available, provided the Commissioner-General may additionally incur commitments against contributions pledged by governments but not yet received where the contributing governments have confirmed that their contributions will apply to the budget of the current or a prior fiscal year and will be paid in a currency which the Agency can use to meet commitments incurred against such contributions."
7. UNRWA's basic financial predicament, however, remains and has recently become more acute by reason of the new and urgent needs emerging both as an immediate result of the recent conflict and in the longer term. These questions have been discussed in a report by the Secretary-General (A/6787) and are further considered in a later section of this introduction; it suffices to recall here that UNRWA could not hope to play any useful additional role that might be assigned to it if it remained crippled by a lack of financial resources. In the last four years its income has not even been adequate for the proper discharge of its normal responsibilities; consequently it has had to draw down its operating reserve to meet the deficit.

8. Consideration of this problem seems to lead inescapably to a re-examination of the whole method of financing the services now being provided for the refugees. The financial difficulties besetting UNRWA are not temporary; as had been pointed out in previous annual reports and in the Commissioner-General's statement to the Special Political Committee on 17 October 1966 (A/SPC/IV 497), their core is that, under the mandate and directions given to it by the General Assembly, UNRWA is called upon to provide continuing essential services for a community which is growing larger year by year, while at the same time, in order to finance these services, it has to rely on uncertain, voluntary contributions, most of which are made for one year at a time. The Commissioner-General believes that he must, for the third successive year, renew his appeal for effective action to put UNRWA on a sound financial basis and to ensure that it has adequate funds to carry out its task.

9. The Commissioner-General does not consider that it is within his competence to make any specific recommendation regarding possible changes in the method and basis of financing UNRWA. It may, however, be helpful to recall the suggestions on the subject that were ventilated by representatives of Governments during the 21st session of the General Assembly in the Special Political Committee and in plenary meetings. Three possibilities were mentioned:

1) that some method should be found by which the refugees would be enabled to benefit from the property which
they left behind in 1948. It has been suggested that this would yield an annual sum considerably in excess of the income at UNRWA's disposal and that this sum could be applied to providing better services for the refugees and to rendering many of them independent of international assistance;

2) that the whole of the UNRWA budget should be transferred to the assessed budget of the United Nations and that all Member States would then contribute in accordance with the current scale of assessment;

3) that part of the Agency's budget, representing administrative expenses, should be transferred to the assessed budget, while operational services should continue to be financed by voluntary contributions. Depending on the definition of "administrative expenses," expenditure included in the Agency's administrative budget might vary from $3.2 to $4 million a year. If UNRWA were to receive additional revenue of this order, the effect would be to restore solvency to the Agency's present scale of "normal" operations at least for some years to come. If, however, the Governments already contributing to UNRWA were to reduce their voluntary contributions by the amount of their assessed share of the administrative budget, the relief to the Agency afforded by this proposal would be largely nullified.
The expansion of the Agency's education programme

10. The year under review saw one development of potential importance in the field of education. As part of the Agency's continuing effort to harmonise its educational activities with those of the host governments, conferences were held in Beirut in the autumn of 1965 and 1966 and attended by representatives of the Ministries dealing with education and refugee affairs in the host Governments, of Unesco headquarters in Paris and of UNRWA. To serve as a basis for discussion, the Agency's Department of Education presented to each conference a draft programme and budget for the coming school year. The conclusions reached at each conference were summarised in the form of recommendations and the Commissioner-General undertook to implement these recommendations, subject to the availability of funds, to the technical advice of Unesco and to any directions given to him by the General Assembly.

11. One of the recommendations emerging from the conference in 1966 was that the Agency's educational advisers should attempt to draw up a comprehensive programme of educational services for the refugee community, based not on an estimate of the funds which the Agency considered it might be able to devote to this purpose in future but on a professional judgment of the developing educational needs of the refugee community, irrespective of the funds actually available. In the programme and budget which were drawn up in the spring of 1967 for the school year 1967-1968, the Agency's Department of Education included, together with the usual information relating to the continuing operation of the existing UNRWA/Unesco education services, an outline of the main deficiencies in those services and of the objectives which should be attained in order to provide a reasonably satisfactory range of educational services for the children of the refugee community. These objectives had been fully agreed
with Unesco headquarters in Paris. Approximate estimates of the cost of attaining these objectives were included, together with suggested priorities as between the various objectives.

12. The resulting list of objectives, costs and priorities was a natural development of the existing services but did not constitute a detailed and concrete programme for their expansion and development over a given period of time. The preparation of such a detailed programme would require more time and study. The main conclusion which emerged from this essay in educational planning was that the Agency could usefully spend some $10½ million on buildings and equipment and about $7 million a year on recurrent operations over and above the $16½ million which it is currently spending on its existing educational services.

Relations with host Governments

13. The function which UNRWA performs in providing services of a kind normally provided by governmental agencies for large numbers of economically depressed and politically volatile refugees living in the host countries cannot but give rise from time to time to problems of co-ordinating action and reconciling differing interests between UNRWA and the host Governments. Many of the Agency's activities impinge on matters of public interest and governmental policy in the host countries and must therefore be of legitimate concern to the host Governments. The Agency operates in these countries by consent of their Governments and it is always open to any of the host Governments to withdraw its consent for the continued operation of UNRWA. On the other hand, the Commissioner-General is responsible to the General Assembly for his administration of the Agency and is answerable, inter alia, for maintaining its independence and integrity as a subsidiary
organ of the United Nations.

14. The relationship in which the host Governments and UNRWA are thus involved is not an easy one and requires goodwill and co-operation on both sides if it is to be maintained satisfactorily. It is not necessarily an adverse reflection on either side if difficulties do arise from time to time. It should be borne in mind that UNRWA's operations are widely ramified and reach levels of administration where it would be unreasonable to expect among the government officials concerned the same appreciation of the Agency's special, independent status as may be accorded at the higher levels of government. The concept of an international organisation functioning independently of, but in co-operation with, the local government in fields of activity which are normally the domain of the government itself is not easily understood or accepted. Many of the problems that do arise between the host Governments and UNRWA have their origin in a lack of understanding of the Agency's status by officials or departments of government whose duties do not normally involve dealing with international organisations. Some of the specific forms which these problems have assumed are more fully described in Annex II, dealing with the legal aspects of the work of the Agency.

15. There is, however, one particularly difficult and troublesome aspect of the relations between the host Governments and UNRWA which merits discussion in this introduction because it is on this aspect that UNRWA has encountered criticism from quarters external to both the Agency and the host Governments. This concerns the Agency's freedom to carry out investigations to verify need and eligibility for relief assistance, especially rations, among the refugees in order to ensure an equitable distribution of relief. From time to time in the past, when the Agency has sought to carry out such investigations, it has met with representations from the host Government concerned to the effect that such investigations would be resented by the refugees and would provoke violent reactions among them.
and a disturbance of public order. Clearly the Agency cannot ignore or challenge the host Government's judgement in matters affecting public security and the General Assembly appears to have recognised this in its resolutions directing the Commissioner-General to pursue his efforts to assure "in co-operation with the Governments concerned" the most equitable distribution of relief based on need. But there remains the question of what course the Commissioner-General should follow in circumstances where a host Government, for reasons which it judges valid and compelling, is unable to co-operate with the Agency in these efforts. In such circumstances there would appear to be three possible courses: (1) for the Agency to continue distributing on the present (admittedly defective and inequitable) basis while also continuing its efforts to secure the co-operation of the host Government for more effective measures; (2) for the General Assembly to decide that the Agency should be relieved of the responsibility for distributing relief and that other arrangements should be made for the purpose (which might take the form of inviting the host Governments to undertake the responsibility); or (3) for the General Assembly to authorise the Agency to take certain specified measures, if possible in co-operation with the host Government concerned but, if that proves impossible, unilaterally. If the last course were adopted, it would, of course, still be open to the host Government concerned to refuse its consent; but that would presumably call into question any continuation of the Agency's operations in that country, at least in so far as the distribution of relief was concerned.

16. To conclude the present discussion, it may perhaps be helpful to review briefly the state of the Agency's relations with the host Governments in each of the countries in turn.

17. In Lebanon, co-operation between the Agency and the Government has continued to be effective and satisfactory throughout the year. The entitlements of all the ration recipients in Lebanon have been systematically
reviewed and verified in the course of the last four years. This is a continuing process carried out with the cooperation of the authorities concerned in the Government. The ration rolls can therefore be regarded as reasonably accurate in regard to need as well as presence and existence. The only major problems outstanding are the settlement of various claims by the Agency against the Government, some of which involve substantial amounts of money (see Annex II), and the removal of three insanitary and unsightly squalid camps which accommodate some 18,000 refugees on the outskirts of Beirut.

18. In Gaza the close and effective co-operation established over the years between the Agency and the government authorities has undoubtedly been of great benefit to the refugees. A steady, though limited, flow of rectification of the ration rolls has been maintained with the co-operation of the government authorities.

19. In Jordan, a highly satisfactory degree of co-operation has been maintained between the Government and the Agency in all matters except the rectification of the ration rolls. For years past the issue of rectification has been deadlocked because of the authorities' apprehension of adverse reactions among the refugees and of the effect which this would have on public order. During the emergency of June – August 1967 there has been an obvious need to ensure that assistance reaches only those persons for whom it is intended, and, with the cooperation of the Jordanian authorities, it has been possible to apply more effective procedures for verifying the eligibility of the recipients and for checking abuses by merchants trafficking in ration cards. This is likely to produce a considerable improvement in the ration distribution provided the controls are systematically maintained in future. The only other major problem outstanding between the Government and the Agency in Jordan is the settlement of the Agency's claim for excess railway charges (see Annex II).
20. In the Syrian Arab Republic the relations between the Government and the Agency have at various times presented special problems, some of which are enlarged upon in Annex II. For many years past the Government has imposed a virtually total ban on any investigations to ascertain whether ration recipients were genuinely in need of this form of help. In other respects however (such as the verification of existence and presence in the country) the rolls are believed to be in tolerably good shape. As in Lebanon and Jordan, the large claim by the Agency against the Syrian Government for excess railway charges remains outstanding. In Syria there are also special problems regarding the importation and movement of supplies.

21. On the other hand, the Commissioner-General wishes to record that successive Governments in the Syrian Arab Republic have been outstandingly generous in the education which they have made available free of charge for the refugees in government schools, training institutions and universities and in the help which they have given to refugee families in the form of shelter and communal services.

22. Between 6 and 9 August 1967 representatives of the Agency joined in discussions between the Secretary-General's representative, Mr. C. A. Stavropoulos, Under-Secretary and Legal Counsel, and representatives of the Government in an attempt to reconcile the differences which had led to these problems. The outcome of these discussions was a letter from the Foreign Minister of the Syrian Arab Republic to the Secretary-General, dated 9 August, re-affirming the Government's desire to co-operate with the Agency. It is believed that this letter, and the particular arrangements agreed in these discussions, can afford a basis upon which these problems can be eliminated for the future. The Commissioner-General hopes to be able to report, in next year's report to the General Assembly, that experience has fully justified that belief.
23. One further matter concerning relations between the Agency and the Governments should be mentioned. As reported in paragraph 26 of last year's report to the General Assembly (A/6313), arrangements were made under which the Agency would receive special added donations to the amount of $150,000 to meet the total cost of any rations consumed by young men in military training under the auspices of the Palestine Liberation Organisation. These arrangements were made after extensive consultations and by agreement between the Agency and the Host Governments. It was further understood and recorded between the Host Governments and the Agency that the actual payment of the $150,000 would be made to the Agency by one or more of the Host Governments and that it would be made "for this year", i.e. 1966. During the discussions it was envisaged, in principle, that similar arrangements would be made in 1967 and subsequent years, so long as the problem continued to exist, but it was recognised that the grounds for continuing the arrangements and the amount payable would need to be reviewed year by year in the light of the circumstances obtaining. The special added donations for 1966 have not so far been received and the matter remains outstanding.

The aftermath of the hostilities

24. A report by the Secretary-General pursuant to paragraph 10 of the General Assembly's resolution 2252 (ES-V) of 4 July 1967 on humanitarian
assistance and two reports by the Commissioner-General on the humanitarian aspects of the situation in the Middle East have been submitted to the General Assembly. The present account brings the information presented in these documents up to date and attempts to outline the main developments in the humanitarian field that occurred during the three months following the outbreak of hostilities. No factual and necessarily brief account can, however, portray the overwhelming sense of bewilderment and shock felt by the Palestine Arab community as the cataclysm swept over it. The disruption of the lives and careers of countless persons, the anxiety caused by the sudden loss of earnings and remittances from abroad, the personal tragedies resulting from the separation of husbands and wives, parents and children, are only some of the problems which confront the bulk of the former Arab population of Palestine. They will need the sympathy and understanding of the international community, quite as much as the financial help which has been forthcoming on such a generous scale, as they face the often bitter problems of readjustment which now confront them.

25. UNRWA, as an operational agency already on the ground, was quickly able to resume its services to the refugees; indeed in Lebanon these services were never interrupted, except for the temporary closure of schools, while in East Jordan and in most of Syria it was possible to resume normal operations almost immediately after the outbreak of hostilities. Shortly after the outbreak of the conflict, the Commissioner-General authorised his staff to distribute certain supplies, on an emergency basis and subject, where appropriate, to later replacement, to persons in need not registered with UNRWA, and to institutions. This decision was reported to the General Assembly and endorsed in resolution 2252 (ES-V), paragraphs

4) A/6787 of 18 August, A/6723 of 20 June and A/6723 Add. 1 of 4 July 1967
5) Paragraph 6 of A/6723
5 and 6 which read:

"The General Assembly

........

Commends the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for his efforts to continue the activities of the Agency in the present situation with respect to all persons coming within his mandate;

Endorses, bearing in mind the objectives of the above-mentioned Security Council Resolution, the efforts of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East to provide humanitarian assistance, as far as practicable, on an emergency basis and as a temporary measure, to other persons in the area who are at present displaced and are in serious need of immediate assistance as a result of the recent hostilities."

On 14 June 1967, the Security Council had adopted a resolution calling on the Government of Israel to ensure the safety, welfare and security of the inhabitants of the areas where military operations had taken place and to facilitate the return of those that had fled; recommending to the Governments concerned the scrupulous respect of the humanitarian principles governing the treatment of prisoners of war and the protection of civilian persons in time of war; and asking the Secretary-General to follow the effective implementation of the resolution and to report thereon.

On 6 July the Secretary-General announced the appointment of Mr. Nils-Goran Gussing as his representative for discharging these responsibilities. UNRWA has given Mr. Gussing all assistance that lies in its power and has transmitted to him such information as had become available to it concerning matters within his field of competence. The present report, therefore, does not deal with questions of the protection of civilians in occupied areas, although the Agency's staff in those areas necessarily encounter problems of this nature during the day-to-day performance of their duties. They have been instructed to bring any such problems to Mr. Gussing's attention.
Areas in which major hostilities took place

27. Soon after the cessation of hostilities, and following a request from the Israel Government, basic arrangements were agreed between UNRWA and the Government in an exchange of letters dated 14 June to enable the Agency to continue its services to refugees in the West Bank of Jordan and the Gaza Strip (see Annex III). These arrangements imply no commitment or position by UNRWA with regard to the status of the areas in question or any instrument relating to them and do not affect the Agency's subjection to any relevant instructions or resolutions emanating from the United Nations. Cooperation between the Government and the Agency in pursuance of the exchange of letters has been effective.

28. During the period of actual hostilities, UNRWA's activities in these areas were completely disrupted except in the field of health, where many clinics continued to function in order to provide emergency medical care. When the fighting ceased the Agency had to overcome formidable obstacles. The movement of staff on the West Bank and in Gaza was largely paralysed by curfews and other limitations; many vehicles had been destroyed, requisitioned or stolen; telephone communications were non-existent and in some areas had not been fully restored by mid-August; losses of equipment and supplies, through destruction and looting, were heavy and were later found to total an estimated $800,000; some Agency premises and other installations serving the refugees, including the Agency's Field Office in Jerusalem and the Augusta Victoria Hospital on the Mount of Olives, had been damaged in the fighting or occupied by military forces. Despite these difficulties, steps were taken as soon as the fighting ended to restore the distribution of food and other relief services and the full range of health activities. Casualties were fewer than had been feared. Among the refugee population killed in the Gaza Strip there were nine members of the Agency's staff. Fatal casualties among registered refugees in West Jordan were few; no figures are available for Syria.
Both on the West Bank and in the Gaza Strip a grave problem facing the Agency was to ensure that supply lines were kept open, despite the difficulties and delays caused by the disruption of shipping following the closure of the Suez Canal and the consequent necessity of transshipping cargoes. The problem was not only one of maintaining the basic ration distribution for a population of ration recipients, but of meeting the emergency needs of the many thousands who were no longer self-supporting because of sudden loss of employment with governments or United Nations agencies, or of their income from remittances from abroad. The food situation was temporarily eased by a loan of 2,800 tons of flour from the Government of Israel and by an arrangement with the Government of the United Arab Republic for the shipment of UNRWA supplies from warehouses in Port Said to the Gaza Strip. Arrangements for receiving new supplies through ports in Israel were subsequently made and from mid-July onwards the major difficulties appeared to have been largely overcome. An additional problem generally on the West Bank and in Gaza stemmed from an acute shortage of currency; but this has subsequently eased to some extent. In the Gaza Strip, fighting had taken place in Gaza Town and in some of the Agency's camps and in certain places refugee shelters had been demolished, after the cessation of hostilities, apparently as a reprisal for mining incidents. The rebuilding of the refugee's damaged huts, as well as of schools and other installations, is proceeding.

During June and early July, a total of some 180,000 persons, among them at least 93,000 UNRWA registered refugees, crossed the River Jordan from west to east. In the Jericho area alone, 65,000 persons fled from their homes, leaving only about 7,500 persons. In Qalqilya (near Nablus) and in five other smaller frontier villages in the Latrun and Hebron areas many houses were damaged or destroyed during the fighting or were subsequently demolished. The extent of the destruction
to our immediate area.

It voluntarily expires mutually,

May 19, 25/6

[Signature]

Mr. Black, see this.

Kena pass it to him.
INCOMING CODE CABLE

TO: EUNICE (FOR OUSSING)
FROM: MICHELMORE, BEIRUT
DATE: 11 September 1967 (Sent 1108522 Revd 1116522)
NUMBER: UNRWA 56

My annual report GenAssembly now being typed final form. Among revisions introduction you may wish to note following. Para 30 page 17 second line sentences beginning "the inhabitants" now read "the inhabitants fled during the fighting or moved out or were moved out afterwards. The extent to which they were forced to leave is disputed. It was not repeat not possible for the agency's staff to verify the facts because they were not allowed to move freely during the days in question. At one time the total number of persons thus rendered homeless exceeded twenty thousand".

Figure twenty thousand based on revised estimate Galqiliya residents as between thirteen and fourteen instead of sixteen thousand.
varies from rather less than half the houses in Qalqilya to virtually
total destruction in some of the smaller villages. The inhabitants
were moved out of these villages in the days immediately following the
hostilities and at one time the total number of persons thus rendered home-
less was about 23,000. However, those displaced from Qalqilya and the
two Hebron border villages have now been allowed to go back to their
villages and work on rebuilding their homes is beginning. The inhabitants
of the three villages in the Latrun area, who number about 4,000, are still
not allowed to go back and these villages are reported to be wholly
destroyed. Emergency assistance to them given by the Agency and other
organizations is described below in paragraph 44.

3. No UNRWA staff have been able to enter the south-western area of
Syria occupied by Israel. Of the estimated 115,000 inhabitants of the
area, only some 8,000 are reported to have remained there.
Areas in which no major hostilities took place

32. It was towards East Jordan that worldwide attention and concern was primarily directed, and it was here that UNRWA faced the greatest demand on its resources for emergency aid. Some 93,000 of the 180,000 destitute persons who had fled from the West Bank were refugees already registered with the Agency. This influx added to the formidable problems facing a country threatened with economic collapse because of the loss of its main sources of income. While roughly half the displaced persons found refuge with friends and relatives, some thousands had at first to remain under the shelter of trees or in the open air, while the remainder were housed in government and UNRWA schools, in mosques and in other public buildings. The intolerably crowded conditions, with totally inadequate cooking and sanitation facilities, under which these unfortunate people were living, posed a serious health hazard, not only for the refugees, but also for the surrounding communities.

33. UNRWA has at all times stood ready to co-operate to the fullest extent in the Jordan Government's own emergency measures. Resources have been pooled; and some two weeks after the firing ceased, the Government asked UNRWA to take responsibility for establishing and running six of the nine tented camps which it had been decided to set up. UNRWA immediately agreed to this request. By mid-August, 73,200 persons had been housed in the new camps, 49,200 in camps run by UNRWA and 24,000 in the three other camps.

In the six camps operated by UNRWA, the population consisted of both registered refugees and newly displaced persons. There were, however, reasons to hope that this would be a purely temporary arrangement. On 2 July, the Commissioner-General had learnt of the announcement by the Government of Israel that they were prepared to allow the return to the West Bank of Jordan of those persons who had fled across the River Jordan as a result of the hostilities. He immediately appealed to all those who might be still contemplating leaving their homes to stay where they were, and urged all concerned, on grounds of common humanity,
to encourage those persons who had already left to return to their former place of residence, and to do everything to allay the fears which deterred them from going back. In making this appeal, he stressed the fact that UNRWA's capacity to assist these persons was far greater on the West Bank, where the Agency had the necessary camps, installations and other facilities.

On 10 July, the Government of Israel issued Rules concerning the return of these persons. The arrangements for the return were the subject of prolonged negotiations between the three parties directly concerned - the International Committee of the Red Cross, and the Governments of Israel and of Jordan. The date of 10 August 1967 had originally been set by the Israel Government as the final day of submission of applications for return; at a later stage, however, the date of 31 August was set for the completion of the actual return. Applications were to be submitted on special forms, through the Red Cross, by heads of families and other adults whose permanent place of residence as on 5 June was on the West Bank, and who had crossed over to the East Bank in the period between 5 June and 4 July. The application forms were to be accompanied by passports, identity cards, UNRWA registration cards or specially designed UNRWA certificates which would afford evidence of residence on the West Bank. No application would be approved if the return of the applicant was considered by the Israel Government to involve a risk to security or legal order. The cases of residents of the West Bank who went abroad prior to 5 June and who wished to return would be treated separately, within the framework of arrangements for the reunion of families, by means of application to the diplomatic missions of Israel abroad.

The application forms were issued on 12 August and in the following days UNRWA staff members worked with Jordan Government and Red Cross officials to help the many thousands of persons anxious to submit applications for return to the West Bank. At the time of presenting this report, (here give any known figures of numbers of applications submitted,
37. UNRWA maintained liaison in regard to the practical arrangements for return with the two Governments concerned and with the Red Cross. It joined with the Jordan Government in erecting tents for a transit camp at Geor Nimrin in the Jordan Valley. On departure, each refugee was to be given by the Government the sum of five Jordan dinars. In addition, it was agreed that all those returning would be able to draw rations from UNRWA on arrival at their former place of residence, and that the rations issued to those who were not registered with UNRWA would be for three months and would be replaced by the Government.

38. In the Syrian Arab Republic, over 100,000 people moved northwards and eastwards from the area occupied by Israel, mainly to Damascus and Dera'a. As in Jordan, they were temporarily housed in schools and other public buildings or had to live in the open air, pending the arrival and installation of tents. Amongst these 100,000 or more people were some 17,000 Palestine refugees already registered with UNRWA. In accordance with the wishes of the Government, the Agency's emergency help has been limited to the latter group. Full UNRWA assistance to the bulk of the registered refugee population meanwhile continued without interruption.

39. In addition to the 35,000 people who reportedly moved from the Sinai Peninsula to the United Arab Republic, some 3,000 young men among the registered refugees in Gaza were forced to leave the Gaza Strip and are now housed in a Government-run camp in the Tahrir Province. UNRWA regards this group as falling under paragraph 6 of General Assembly resolution 2252 (ES-V) and has at the request of, and in agreement with, the Government of the United Arab Republic, undertaken to make food supplies available to the group and to contribute towards the provision of medical and sanitation services.

40. Displaced refugees in both the Syrian Arab Republic and the United Arab Republic have asked the Commissioner-General to convey to the General Assembly their urgent desire that they also should be allowed to return to their former places of residence.
Emergency assistance

41. The emergency assistance for Arab refugees in the Middle East in the summer of 1967 has been a combined operation to which the Governments directly concerned, other donor Governments, the Red Cross and the Red Crescent, UNRWA, UNICEF, the specialized agencies, national and international non-governmental organizations and countless individuals in many parts of the world all made essential contributions. UNRWA, as a United Nations Agency long established in the area and intimately connected with the problem, found itself acting as an intermediary and a source of information on matters of general concern. UNICEF, in addition to giving considerable direct aid, took a useful initiative in promoting agreement on the rational distribution of certain foodstuffs. Efforts were made to set up central coordinating machinery, but this proved to be impracticable. The widely differing viewpoints of the parties, the necessity for rapid decisions and the almost insurmountable difficulty of travel between one country and another, made it necessary to rely largely on ad hoc consultations on the spot rather than on any area-wide master plan agreed in advance. The willingness of all concerned to approach mutual problems with common sense and in a humanitarian spirit resulted in the avoidance, to a very large extent, of wasteful and unnecessary duplication of effort.

42. The following brief account does not attempt to be exhaustive and merely indicates examples of the practical co-ordination of efforts that has been achieved.
Kantara 25 years later

BY DAVID KRIVINE
Jerusalem Post Reporter

I was last in Kantara 25 years ago, on a military train from Cairo to Beersheba. We had crossed the Suez Canal over a bridge farther south, and halted at this important junction. Railway lines ran south to Port Tewfik and east through Palestine to Beirut and Tripoli. The place was thronged with troops, British troops.

Today the station is depopulated, the town deserted, its buildings shuttered and bolted. Troops are there still, Israeli this time. Visiting this place with a load of journalists last week, we looked at a canal that might be a peaceful waterway in Europe, indifferent to the hustle and bustle that have attended its affairs since the opening ceremony under the Khedive Ismail, two years short of a century ago.

We stood on the banks, gazing across the placid channel, narrower than the Thames in London. This side is Asia, that side Africa. Suez is the classic non-mans-land, and has been so since Moses times. A narrow road and a single-track railway cross the empty wilderness, groping for contact with inhabited zones. From Kantara to El Arish, there is nothing save a succession of diminutive railway stations every eight or ten kilometres.

The stations are isolated, with no homes or settled area round them. They were built as check-posts from which to maintain the railway line, and in particular to sweep the shifting sand dunes off the track. Arab workers lived there, 20 a section station. A train from Kantara delivered water regularly, pumped up into tanks by a small windmill. It was cheaper than planting windbreaks, even though some-times the 26 men were not enough. On one occasion 7,000 Egyptians had to be mobilized after a heavy period of dust storms.

SAND DUNES

Mr. Kalman Klutzker, Chief Engineer, Southern Region, Israel Railways, is plainly perplexed. The Arabs are gone. How are the dunes to be kept at bay? We got off the bus next to a lowering sand-curtain that bordered on the railway. The sand runs through your fingers like water, with no pebbles or grit. Even its colour is light and pure, reminiscent of the exquisite "silver sands" of Mecca Mabrouk. The beach in El Arish is fringed by the blue Mediterranean and a whole forest of palm trees.

Otherwise North Sinai is like the Western Desert in Libya, bleak, empty, a desolate house of war. West of El Arish, the Israel Army's flanking operation, which cut off the Gaza Strip, left its mark a long circular line of burnt-out half-tracks and tanks. Egyptian ammunition trains were bombed and blew up. Tilted off to clear the tracks, the wagons lie a tangled mess, peppered with holes like staves.

DISMANTLED

Israelis are now concerned to revive the railway. Our troops had dismantled the track when leaving Sinai in 1957. In their turn the Egyptians did the same before the present war, removing sleepers and disposing of the rails, from Gaza to Erez on the frontier, Israel Railways had both to make good the dismantled track on the Israeli side of the frontier to Ashkelon, and rebuild the wrecked stretch from the frontier. This involved casting rails and sleepers from a store that has been dismantled since. A welded line was installed on the Haifa-Tel Aviv stretch. The link-up from Ashkelon to Gaza was finished on June 26, 56 hours before deadline.

Rail movement east is all military equipment—damaged Israeli vehicles capable of repair, and captured war equipment, still being shunted home. Russian material is visible everywhere: Stalin tanks with their long, curved turrets; massive six-wheel lorries; lorries with tracks in place of wheels, moving feebly over the sand, or Israeli business.

We travelled back the way we had come, along the coast road, trail link two continents. Built by the British, it conveyed Alamey to Phcenian half-century ago, and brought Robin to the borders of Egypt this summer.
43. In East Jordan, as was mentioned in paragraph 33 above, the resources of the Government and of the Agency were pooled. UNRWA continued its normal programme of ration distribution and supplementary feeding to displaced persons already registered with it and, in addition, gave these persons protein supplements and, to all children up to the age of 15, milk, vitamins and daily hot meals. During the first few weeks it also supplied cooked meals to other displaced persons besides the registered refugees and at one time the total number of cooked meals supplied daily reached 75,000. UNRWA also extended its basic ration distribution by some 30,000 rations to meet the need of registered refugee families impoverished by the emergency and distributed to non-registered persons foodstuffs made available by the Government. Of the nine new tented camps, UNRWA undertook to run six, in one case on behalf of the German Evangelical Relief Organization; the Iranian Red Lion and Sun Society had established and was operating a seventh camp, and the two remaining camps were run by the Jordan Government. The World Food Programme, with a view to avoiding discrimination between UNRWA-registered refugees and other displaced persons, had decided to distribute to 100,000 persons in the latter group, for a period of three months, UNRWA-type dried rations, supplemented by canned meat, dried milk and small quantities of dates, with immediate distribution authorised by the Jordan Government from its own stocks, pending the arrival of World Food Programme foodstuffs. As the August-September distributions proceeded, the WFP intended to review the question of the need for a second three-month distribution period, in the light of the anticipated return of large numbers of displaced persons to the West Bank. UNICEF took the lead in working out a coordinated plan for the next five months for the distribution of 800 tons of skimmed milk available in Jordan from its own supplies and from those of the WFP and of the League of Red Cross Societies. This proposal envisaged the distribution of reconstituted milk to all children up to the age of 15 and pregnant and nursing women.
in the nine new tented camps, and of milk powder to all non-UNRWA displaced persons living outside the camps. Meanwhile, to take only a few random examples of the part played by the voluntary agencies, the Lutheran World Federation had agreed to finance for three months medical services in two of the UNRWA tented camps and to establish bakeries in all nine camps. The Pontifical Mission for Palestine, Caritas and Catholic Relief Services work closely together in supplying food, blankets and other commodities and in ascertaining the personal, individual needs of the displaced persons. British voluntary agencies donated tents for one new camp of 10,000 inhabitants and contributed field kitchens and a pharmacy; the Commonwealth Save the Children Fund has a team of doctors and nurses in one camp, and also provides supplementary feeding; Norwegian voluntary agencies have sent several plane-loads of blankets, medicines and foodstuffs and four mobile health clinics are on the way; CARE has imported foodstuffs for distribution by the Government; and the Near East Christian Council makes blankets and food available, primarily to displaced persons living outside camps.

In Gaza and on the West Bank, a similar pattern of emergency aid emerged. UNRWA temporarily increased its basic ration distribution by rations, and extended hot meals to a further 3,300 children aged up to 15 years and milk distribution to all children in that age group. Protein supplement in the form of canned meat and corn-soya-milk mixture (CSM) was made available to certain categories considered to be in special need on medical grounds. UNICEF issued dry rations and soap to 59,000 mothers and children not registered with UNRWA and CARE also made foodstuffs available to non-refugees on the West Bank and planned to continue, and probably expand, its normal programme of food distribution to the non-refugee population of the Gaza Strip. In the Syrian Arab Republic, the Government took full charge of the 100,000 displaced Syrians, with assistance in the form of foodstuffs from the World Food Programme, UNICEF and the International Committee of the Red Cross. The Government also received from UNICEF insecticides, disinfectants, anti-biotics, vaccines,
vehicles for mobile health teams, and from the International Committee of the Red Cross, clothing, tents, blankets and cooking utensils, while the Lutheran World Federation contributed clothing and planned to make tents available. Meanwhile, UNRWA assumed responsibility for meeting the needs of the 17,000 displaced Palestinians already registered with it, by providing tents, blankets, additional basic rations, supplementary feeding and, with UNICEF’s help, protein supplements. Supplies of tents were in fact not forthcoming for displaced persons in Syria on anything like the scale on which they were contributed to Jordan, so that in August the Agency was forced to place orders for the manufacture of some 1,200 tents in order to provide shelter for the UNRWA-registered refugees.

45. The World Alliances of YWCA’s and of YMCA’s took under their charge Arab students dispersed in various countries and unable either to return to their homes or to receive any funds from their families; and the World Council of Churches launched a $2 million world-wide appeal on behalf of all victims of the conflict. During August an encouraging and potentially very important initiative was launched in the United States of America with the formation of Near East Emergency Donations (NEED) to raise funds for use by UNRWA on behalf of the displaced persons. This initiative has the support of many influential personalities, including former President Eisenhower, who has consented to serve as honorary chairman of the Board of Directors.

Special contributions

46. In the week following the outbreak of hostilities the Commissioner-General appealed to Governments, voluntary agencies and private donors to contribute money or emergency supplies to UNRWA. The President of the General Assembly and the Secretary-General also called for generous emergency donations and the General Assembly itself in paragraph nine of resolution 2252 (ES-V) appealed to all Governments, organizations
and individuals to make special contributions to UNRWA as well as to the other inter-governmental and non-governmental organizations concerned.

Even while the fighting was still going on, offers of help had already begun to pour in to the Agency's offices in Beirut, Geneva and New York. They took the form of donations in kind or in cash or of offers of services by individuals from many countries who were anxious to help the displaced persons in their plight. By the end of August, donations to a value of some $ million had been pledged or received. Details of these contributions will be found in tables and of Annex I of this report.

On behalf of those who have suffered as a result of the hostilities, the Commissioner-General wishes to express his heart-felt gratitude to all donors for their prompt and generous response.

47. The Commissioner-General has no record, other than reports which have appeared in the press, of contributions made directly to the Governments concerned or to the voluntary agencies, but he understands that very substantial emergency help has been forthcoming.

Longer-term prospects

48. The Commissioner-General believes that the General Assembly will wish him to offer some comment on how the future of the refugees from the 1948 conflict may develop in the longer term and how the role of UNRWA may be affected.
by recent events. In so doing he would emphasise that the present is fluid and the future uncertain. He will seek as far as possible to confine his comments to the humanitarian aspects, but political issues underlie the whole Palestinian refugee problem and cannot be ignored if comment is to be meaningful.

Among these issues are the long-deadlocked questions of repatriation and compensation. In December 1948, only a few months after the refugees had fled from their homes, the General Assembly resolved in paragraph 11 of its resolution 194 (III) that the refugees wishing to return to their homes and live in peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return. This resolution has been re-affirmed year after year by the Assembly, but has remained unimplemented. After 19 years the refugees have still had neither an opportunity of returning to their homes nor compensation for their property. Since the two issues of repatriation and compensation are linked together as alternatives in the resolution, the continuing deadlock over repatriation has had the result of denying the refugees any benefit from the property they left behind in 1948. It would hardly seem that this can have been the intention of the Assembly in adopting its resolution 19 years ago. Suggestions have been made from time to time for enabling the refugees to receive compensation, irrespective of whether they would have the opportunity of returning to their homes and without prejudice to this or any other political claims they may have; but these suggestions have not been pursued.

Under the surface of this continuing deadlock on the political plane, much solid, constructive progress has been made in dealing with the economic and social aspects of the problem. As the Secretary-General has pointed out in document A/6782, the widespread assumption that the refugees have been stagnating in idleness in the refugee camps throughout all these years is untrue. Nor is there validity in the widespread assumption that, because many of the refugees (in fact less than 40 per cent of the total) were
still living in camps so many years after their displacement from their homes, therefore no progress had been made towards their rehabilitation. These mistaken assumptions have given rise to the equally mistaken belief that UNRWA was engaged in an endless operation of merely keeping the refugees alive to remain a charge on the charity of the international community. Finally, there is the widespread belief that the host governments have been deliberately and inhumanely keeping the refugees in a state of destitution and dependence on international charity as a weapon in the prosecution of their political aims. This also needs correction. Although, in conformity with the wishes of the refugees themselves, the host Governments have opposed mass schemes of direct resettlement (which in any case were of dubious feasibility), their record in promoting the rehabilitation of the refugees as individuals through education, training and employment has been notably humane and helpful. They have extended this aid to the refugees in spite of the grave difficulties which already confronted them in providing a livelihood for their own rapidly expanding populations.

51. The truth is that, up to the time of the recent hostilities, a slow but steady process of rehabilitation had been at work among the refugees and, in recent years, had begun to make and evident impact in improving their economic and social condition. This was being achieved not by ambitious and costly works projects and schemes of mass resettlement but by the operation of normal economic and human factors. It is these factors, rather than highly organised attempts by external agencies to procure "definitive and permanent solutions", which have in the past proved most effective in this part of the Arab World in coping with the human problems arising from movements of population. As the Secretary-General has stated, 6)

"This progress has been primarily due to three factors: first and foremost, the rapid economic development of the Arab host countries and of the Arab world generally in recent years;

6) A/6787, paragraphs 32-34
second, the energy, intelligence and adaptability of the refugees themselves, who have fortunately shown themselves to be eager for work and very capable of profiting by any opportunity given to them; and third, the education and training which the host Governments, various voluntary agencies and UNRWA have been able to give the young refugees to enable them to take advantage of any opportunities of employment that might come their way. A subsidiary but not unimportant adjunct to these principal factors in the rehabilitation of the refugees has been the economic aid supplied by UNRWA in the form of rations, shelter and other relief services. The regular provision of this relief assistance over an extended period, even though on a meagre scale, has certainly helped the refugees not merely to survive but to recover their capacity to support themselves.

It is true that it has not proved possible for UNRWA to reflect adequately the extent of this rehabilitation in its published statistics of the number of refugees who have been rendered self-supporting and from whom relief assistance has therefore been withdrawn. But, however regrettable this may be - and, in fairness to UNRWA and the Arab host Governments, the difficulty of measuring degrees of progress in economic rehabilitation among a mass of people living not much above subsistence level needs to be recognized - it does not alter the reality of the progress that had been made.

In Jordan, official and authoritative statements have been made in recent years indicating not only a very high level of economic growth for the country as a whole but also suggesting that the problem of unemployment and underemployment which has chronically beset the Jordanian economy was within sight of solution. These statements implied that within a few years Jordan, in spite of its not having been endowed with abundant natural resources, might look forward to becoming economically viable and independent of external aid. This could only mean that, in common with the other citizens of Jordan, the 720,000 refugees, representing over half of the whole refugee population, were rapidly achieving the capacity to support themselves and, hence, that the social and economic aspects of the refugee problem in Jordan, though not the political, were well on the way, if not to a solution, at least to a partial remedy."
political, were well on the way not perhaps to a solution but at least to a partial remedy.

§223. The numerically smaller problems of the refugees in Lebanon and Syria also showed encouraging signs of progress towards social and economic rehabilitation. Even in Gaza improvement was discernible in recent years, including even a shortage of unskilled labour at certain seasons of the year. But of course this improvement in the level of economic activity rested primarily on the artificial and precarious base of a high level of expenditure injected into the Strip by the United Arab Republic Government, UNEF and UNRWA. A more solid element of improvement in the condition of the refugees in Gaza in recent years was the placement, with the active cooperation of the Gaza authorities, of some thousands of young refugees in employment in the United Arab Republic and elsewhere and the remittances which they were then able to send back to Gaza for the support of their relatives.

§395. This gradual but hopeful process of economic and social rehabilitation of the refugees has now, for the time being at least, been reversed and indeed reversed as a result of recent events. At the present time too many uncertainties overhang the future of the refugees in Gaza and on the West Bank to permit any prediction of how long this adverse effect will last in those areas. It is understood that some remedial action is already being taken by the Government of Israel to restimulate economic activity in both areas. But clearly if the refugees living in Gaza and on the West Bank remain cut off from opportunities of education, training and employment in the rest of the Arab World, this cannot but increase the difficulty of promoting their rehabilitation. Whether it may be feasible to offset this disadvantage by some basically different approach which would not depend for its success on educational and employment opportunities elsewhere in the Arab World is not a matter on which the Commissioner-General feels able to express an opinion. In East Jordan it is possible to say with
more certainly that, so long as the separation of the West Bank from the remainder of Jordan lasts, the whole process of rehabilitating the refugees on the East Bank, both those already living there before the hostilities and any of those displaced from the West Bank who may not be permitted or may not wish to return, will be gravely, perhaps irremediably, set back. In Syria too for so long as the Palestinian refugees displaced from the south are not able to return to their former places of residence, they will be faced by many new difficulties in their struggle to recover economic independence, and their rehabilitation may be seriously retarded.

If in fact the present state of affairs is prolonged, the international community may wish to consider what action it can take to promote economic recovery in the areas affected. This would involve participation on several different planes by governments, international organisations and private and philanthropic enterprise. As far as UNRWA is concerned, the Agency's most effective contribution would appear to be the maintenance of its existing services, possibly with some extension to new groups of displaced persons, coupled with an expansion of its programme of education and training for the children and young refugees. But not even the existing UNRWA services can be maintained, let alone extended or expanded, unless the chronic problem of financing the Agency is tackled with determination and realism.
Budget for 1968

55. In present circumstances the preparation of a budget for the Agency's operations during the coming year, 1968, has necessarily involved much guesswork and many assumptions. The estimates of expenditure included in Part II should therefore be treated as tentative and subject to substantial adjustment in the light of developments as yet unknown and questions still open. How many of the displaced persons will return to the West Bank? Will displaced persons from other areas be permitted to return and, if so, when? Is any further movement of population out of the areas occupied by Israel in prospect? (There have been disturbing reports during August of small numbers beginning to arrive in East Jordan from the Gaza Strip.) What will be the continuing needs in 1968 of any groups who still remain displaced at the end of this year? Will UNRWA be expected and authorised to continue assistance during 1968 to persons other than refugees from the 1948 conflict? What will be the longer-term impact of the hostilities and their aftermath on the Agency's operating costs? Will the General Assembly wish UNRWA in present circumstances to enlarge its efforts in the field of education and training? (The need and scope for expanding these activities was illustrated in the outline assessment prepared by the Department of Education in response to the recommendation of the Education Conference held in October 1966 (see paragraphs above) and the economic consequences of the hostilities may well be regarded as providing additional and urgent justification for greater efforts, not necessarily by UNRWA alone, in this field.) Finally, what level of funds is likely to be available to the Agency in 1968 and will action be taken to place the future financing of the Agency on a sounder basis than in the past?

56. These uncertainties greatly complicate the process of budgeting for the coming year. The budget which is contained in Part II of this
report has been framed on the basis of the following, necessarily
tentative and even in some respects arbitrary, assumptions:
(1) continuation of normal UNRWA services, as before the hostilities,
without reduction;
(2) continuation of issue of rations on a temporary and emergency
basis for up to 75,000 recipients over and above the pre-hostility
number (861,000);
(3) reversion of the supplementary feeding programme to its normal
pre-hostility pattern and scope by April 1968, except for increased
by 3,000 the number of hot meals provided in Gaza;
(4) cessation of issue of emergency supplements to certain categories of
recipients and reversion to the normal scale of basic rations by
April 1968;
(5) contingent provision for possible replacement of tented camps by
normal shelters (and ancillary buildings) to accommodate 30,000
displaced persons;
(6) provision of a special contingency item of $1 million to meet the
needs of individual cases of hardship attributable to the emergency
and its aftermath;
(7) continuation of UNRWA medical services on a temporary and emergency
basis for up to 30,000 additional beneficiaries;
(8) provision of environmental sanitation for the increase in the camp
population;
(9) provision of general education for a net addition of 6,000 children
attending UNRWA/UNESCO schools in East Jordan;
(10) provision for two training centres in East Jordan, for re-opening the
training centre at Homs in Syria (now occupied by displaced persons)
in the autumn of 1968; for expanding the Gaza vocational training
centre to accommodate 200 more trainees; and for continuing to operate
all the other UNRWA centres on a normal basis;
(11) contingency provision of a block sum of $1.5 million against possible increases in unit costs in Gaza and West Bank arising from currency changes and other factors.

57. No provision has been included in the budget for 1968 for the improvement and expansion of the Agency's education services on the lines mentioned in paragraphs 10 to 12 above. However, if special contributions, either governmental or non-governmental, were forthcoming for this purpose, UNRWA would propose to spend up to $5 million during 1968 as a first instalment of this programme. Action would be initiated first in East Jordan and Gaza as being areas where the economic impact of recent events by education is most severe and where intensified effort to promote rehabilitation and training would appear to be especially necessary.

56. Looking back over the past decade at the gradual but substantial improvement which has taken place in the economic condition of the refugees and at the crucially important contribution which the expansion of the UNRWA/Unesco programmes of education and training has made to this process of progressive rehabilitation, the Commissioner-General feels that he is fully justified in urging the international community to look afresh at the dynamic role which education and training can play in ameliorating this long-standing human problem and at the cogent arguments which emerge for financing these programmes on a more ambitious and more liberal scale than ever before. With the shadow of recent events still obscuring the future of the refugee community, he feels that present difficulties and uncertainties only reinforce the case for bold and generous action in this field. In retrospect a striking feature of these past eight years or so is how much solid achievement has been gained at so little cost. The turning point was in 1960 when the World Refugee Year and related sources afforded a one-time injection of funds of the order of $4.5 million. These were used almost entirely for financing the construction and equipment of training centres. Since then UNRWA has provided in addition a total of about $ million in its annual budgets for the expansion and
improvement of its schools, training centres and teaching methods. These are not large sums in relation to the size of the social and economic problem of the Palestine refugees or to the cost of trying to tackle that problem by other means; and any fresh investment in these programmes from both governmental and non-governmental sources would be an investment in a proven success. Recent events have served to stimulate renewed interest and concern throughout the world regarding the protracted tragedy of the Palestine refugees. It is no doubt the general hope that this renewed interest and concern will be channelled principally towards a new, constructive effort to promote a just and lasting solution of the political issues which underlie the refugee problem. But, on a lower and more limited plane, there is certainly scope for a still more ambitious and imaginative approach to the amelioration of the refugee problem, in its social and economic aspects, by means of education and training.

59. For 1968, the Agency has not felt that its existing financial predicament permitted it to make any specific provision for initiating any such large programme for expanding its education and training activities and it has therefore budgetted only for the continuation of its pre-hostilities programme and for such unavoidable increases in the scope and cost of that programme as may be necessitated by natural population growth and by the aftermath of the emergency situation of 1967. For these purposes the Agency estimates that it will require to expend approximately $45.8 million as set out in Part II of this report, including $40.1 million to continue its pre-hostilities programme and $5.7 million for increased scope and costs of programmes arising from the hostilities.

60. To meet this budget, the Agency further estimates that it will need to receive $41.6 million in contributions from Governments, after taking into account estimated income of $1.5 million from non-governmental contributions and miscellaneous sources and $2.7 million unexpended balance of special contributions received in 1967 for the emergency.
61. It is more than ever essential that the Agency’s requirements be adequately financed if it is to continue to carry out its mandate. As shown in section F of Part I of this report, although in 1967 UNRWA received or expected to receive special contributions for the emergency materially in excess of its estimated increased expenditure arising from the emergency, it also expected to incur a deficit — for the fifth consecutive year — on its normal programme, amounting to some $2.8 million. As a consequence, it expects to enter the fiscal year 1968 with barely $11.5 million of working capital (operating reserve), excluding the estimated unexpended balance of $2.7 of special emergency contributions which are referred to above and which are expected to be used towards financing continued emergency expenditure in 1968. This amount of working capital ($11.5) is far less than UNRWA requires in order to operate properly, and exposes it to the risk of having to halt or abruptly reduce operations at any time during the year if payment of contributions is unduly delayed.

62. For several years the Commissioner-General has called attention to the Agency’s steadily worsening financial position and its possible implications (see also paragraphs 3 to 9 above). He feels constrained to do so once again, and to appeal to the General Assembly to place the Agency on a sound financial basis, both with respect to current funds to cover its budget and with respect to working capital adequate to meet its requirements.

Summary and conclusions

63. In summary, the questions affecting UNRWA which seem to the Commissioner-General to require consideration and decision by the General Assembly are the following:

(1) Is it desired that UNRWA should maintain its existing services during 1968 on the same basis as before the recent hostilities?
(2) is it desired that UNRWA should continue in 1968 giving help on a temporary and emergency basis to new groups of beneficiaries in urgent need?

(3) is it desired that UNRWA should seek to expand and improve its existing education and training services, particularly in those areas severely affected by the economic impact of recent events?

(4) how is UNRWA to be provided with secure and adequate sources of funds to carry out whatever tasks may be assigned to it by the General Assembly? (See paragraphs )

(5) if in fact adequate funds cannot be secured, will the General Assembly give the Commissioner-General guidance as to the action he should take to bring the Agency's expenditure and income into balance? Failing this, the harsh and highly political decisions as to which services must be reduced or eliminated fall upon the Commissioner-General and expose him to inevitable criticism.

It will be appreciated that affirmative answers to any or all of the first three questions will in practice be meaningful only to the extent to which a correspondingly positive answer can be given to the fourth question. If that is not forthcoming, then the fifth question assumes crucial importance.
PART I

REPORT ON UNRWA OPERATIONS

From 1 July 1966 to 31 May 1967

1. The following section of the report describes UNRWA's main activities during the period 1 July 1966 to 31 May 1967. As explained in paragraph 2 of the Introduction, information on the period following the outbreak of hostilities on 5 June is given in paragraphs 24 to 44 expenditure for each above. Supplemental information on the estimated activity in the calendar year 1967 and the actual expenditure in 1966 is given in part II of the report, which presents the Agency's budget for the year 1968. A note on the legal aspects of UNRWA's work is appended as Annex II to the report.

A. RELIEF SERVICES

2. UNRWA's attempts to tackle the stubborn problem of the rectification of the ration rolls continued, once again with only limited success. In all host countries some progress was made in identifying refugees living in conditions of extreme hardship. Certain commodities, such as clothing and blankets, were issued on a selective basis only to these hardship cases, with the exception of the Gaza Strip, where such commodities continued to be generally distributed, although at a reduced rate. Otherwise, the relief services were made available on the same basis as in the past.

3. The number of refugees registered with the Agency continues to increase and on 31 May 1967 totalled as compared with 1,317,749 on 30 June 1966. The number of refugees registered for rations in May 1967 was as compared with 861,122 in June 1966, while the number of persons registered with the Agency but not receiving rations increased from 456,627 to . Tables 1 to 4 of Annex I give statistics of the number of registered refugees and distribution according to age, country of residence and the categories of services to which they are entitled, and changes in the composition and entitlement of refugee families.
ELIGIBILITY AND REGISTRATION

4. In the Gaza Strip rectification continued at its regular pace and resulted during the year in the cancellation of rations. As a result of normal eligibility procedures, rations were transferred to needy children on the waiting list. In Jordan, a programme of eliminating the most flagrant abuses of the ration system by withdrawing rations from refugees known to be enjoying a substantial income was less successful than had been hoped, as its introduction coincided with parliamentary elections. The Government requested that action be postponed; on its resumption, however, satisfactory progress was made. In Lebanon, the process of re-investigating all refugee families entitled to rations was successfully completed. A scale of income above which the rations of refugees are cancelled was agreed with the Government on the basis of the legal minimum salary. In the Syrian Arab Republic, the Agency believes that its ration rolls are reasonably accurate so far as the existence and presence of ration recipients are concerned, but it has not been possible so far for it to investigate the income of the refugees and thus be in a position to delete from the rolls those who are self-supporting.

5. In the host countries, the names of persons, including ration recipients, were removed from the rolls during the 11 months ending 31 May 1967 (as compared with 33,607 in the year ending June 1966 and 31,630 the previous year). They included ration recipients. In the place of deleted names rations were issued during the year to children on the waiting list and rations to other needy refugees.

6. The Agency has continued to maintain a limit on the the maximum number of ration recipients in each country, with no allowance for population increase. As a result, the number of children over the age of one year for whom no rations are available continues to grow. By May 1967, these children totalled , of whom were in Jordan, in Lebanon, in the Syrian Arab Republic and in the Gaza Strip.
BASIC RATIONS

7. The content of the basic food rations, which provide approximately 1,500 calories per day in summer and 1,600 in winter, remained unchanged during the period covered by this report. Details of the rations and of other supplies distributed to the refugees are contained in table 5. During the year, the Agency imported for its normal programme some 111,300 tons of flour and some 25,000 tons of other foodstuffs for distribution to the refugees. The cost of these supplies, together with the cost of distribution, accounted for approximately 37 per cent of the Agency's budget.

SUPPLEMENTARY FEEDING

8. UNRWA's programme of supplementary feeding and milk distribution is designed to protect the health and nutrition of certain beneficiaries among the more vulnerable groups of the refugee population, including infants and children in the pre-school age, school children, pregnant women, nursing mothers and tuberculous out-patients. This is desirable in view of the fact that the basic rations, issued monthly to entitled refugees, contain no items of fresh food nor animal proteins.

9. The Agency's milk distribution programme is largely made possible by a special annual contribution of skimmed milk by the United States Government. This contribution amounted during the year under review to 1,009 metric tons, as compared with 1,688 metric tons in the previous year. Due to this reduction of supplies, the programme had to undergo various changes. The school milk programme, under which an average of 90,000 elementary school children received milk for 22 days a month during the school year, was suspended, as was distribution of reconstituted skimmed milk to children aged from six to 15. It was, however, possible to maintain for most of the period under review the daily issue of a mixture of whole and skimmed milk for approximately 6,600 babies from the age of six to twelve months and for infants under six months who could not be breast-fed, and the daily portion
of reconstituted skimmed milk available on 26 days a month for children aged one to six, pregnant and nursing women and patients on medical recommendation (in all 42,572 beneficiaries).

10. The Agency operated 105 supplementary feeding centres in its camps and in places where large numbers of refugees live. In these centres, a nutritionally balanced hot meal was provided on six days a week for a maximum of 45,000 beneficiaries, drawn largely from children below the age of six, although some older children were also admitted on medical recommendation. A special bland high protein diet was also provided for the treatment of infants and young children suffering from gastro-enteritis and/or malnutrition. Vitamin A and D capsules were issued to children attending the supplementary feeding centres on 26 days in each month. Elementary school children had formerly received the vitamin A and D capsules on 12 days a month, but as from 1 February 1967, this issue was replaced by the distribution of multi-vitamin tablets at the same rate. On medical certification, extra dry rations were issued to expectant mothers from the fifth month of pregnancy and for one year after delivery. Extra rations were also issued to tuberculous out-patients. A special contribution of 542 tons of CSM (cornflour-soya-milk mixture - an alternative source of protein) was received from the United States Government and was used in the hot meal programme, the cost to the Agency being limited to that of ocean freight and distribution. The average number of refugees benefiting from various services, by country, is shown in Table 6.

11. As was mentioned in paragraph 17 of last year's report, an appeal by UNRWA for help to maintain its supplementary feeding programme was addressed to the World Food Programme in April 1966, but could not be acceded to under the terms of the basic texts governing the Programme. The possibility of amending those texts, in such a way as to enable UNRWA's request to be taken into consideration, was discussed by the Inter-Governmental Committee of the World Food Programme at its tenth session in November 1966, but was not found to be desirable.
12. The number of refugees living in camps maintained by the agency rose from 517,518 in June 1966 to 554,615 at the end of 1967. Because of UNRWA's continuing financial plight, however, no new major construction work could be undertaken except where funds previously authorized were available. In Jordan, six hundred families who had formerly lived in squalid conditions in the Old City of Jerusalem moved in July 1966 to Shufat Camp near Jerusalem. The extension to Kalandia camp was completed and by the end of May 1967 the rehousing of 600 families in Amman was nearing completion. Road construction was also carried out in some of the Jordan camps. In Gaza, a small programme of shelter construction was successfully carried out with the cooperation of the refugees themselves. Because of budgetary limitations, shelter programmes in Lebanon and the Syrian Arab Republic were authorised only to meet immediate needs.

13. The number of refugees living in UNRWA camps, as compared with the total number of registered refugees in each host country, is shown in table 8.

SPECIAL HARDSHIP ASSISTANCE

Clothing

14. The voluntary agencies, through the generous help of their contributors abroad, again continued to carry the main responsibility for meeting the needs of the refugees for clothing. During 1966, 465 tons of used clothing were received and distributed in Jordan, Lebanon and the Syrian Arab Republic to refugee families in special need; in Gaza, general distribution continued. UNRWA itself spent some $30,000 on inland transport costs and freight costs for clothing shipped from countries other than the United States of America.

15. The following agencies generously donated the clothing:

American Friends Service Committee
Canadian Lutheran World Relief
Catholic Relief Services (United States)
Church of Scotland
Church World Service (United States)
Lutheran World Relief, Inc.
New Zealand Council of Organization for Relief Services Overseas, Inc. (CORSO)
Norwegian Church
Oxford Committee for Famine Relief (United Kingdom)
Red Cross Society (Canada)
Unitarian Service Committee of Canada
United Church of Canada
Västkustens Efterkrigshjälp (Sweden)
Women's Royal Voluntary Service (United Kingdom)

Case-work among individuals

16. UNRWA continued its programme of aid to the most needy members of the refugee community who because of chronic illness, widowhood or unforeseen emergencies are in need of counsel and practical assistance. In all 11,000 such families received cash grants to help them surmount acute difficulties and others were given special issues of clothing, blankets and kerosene. In addition, the Agency's case workers advised many thousands of refugees on their personal and family problems. They also enabled eleven refugees to rejoin their families and placed 150 orphans and 54 old people in institutions.
B. HEALTH SERVICES

17. No major changes have taken place in UNRWA's health programme during the year under review, nor has there been any significant increase in the per capita cost of the health services. Such modest improvements as have been made were in general achieved either through internal economies or through the receipt of donations given specifically for health purposes. Thus in three camps it was possible to replace old unsatisfactory health centre buildings with entirely new and well-designed structures. A development of interest has been that, with the exception of four posts held by WHO officials attached to the office of the Director of Health and supervisory WHO Representative, all senior/staff posts, both at Headquarters and in the four Field Health Offices, are now filled with locally recruited staff members.

18. The health programme is carried out with the help of WHO, which provides advisory and consultative services as required and supervises the technical aspects of the programme. Due weight is given to the needs and requirements of the curative services, but the main emphasis continues to be laid on the promotive and preventive aspects, including communicable diseases control, environmental sanitation, health education of the public, nutrition and supplementary feeding.

19. The health services have been designed to keep closely in line with those provided by the host Governments for economically comparable sections of the local populations in their countries. Assistance has been received from a variety of sources, including charitable organizations, universities, commercial concerns, private individuals and especially from the Ministries of Health of the host Governments. Cordial relations have continued to be maintained with those Ministries and co-operation has been particularly fruitful in such fields as tuberculosis control and mass immunization campaigns. Donations have been received in the form of monetary gifts for the construction of health centres as well as for the training of refugee
students, particularly in basic nursing education. Donations received in kind included medical supplies, vaccines, layettes and supplementary food items. Assistance has also been provided in the form of personnel, free hospital, X-Ray and laboratory facilities as well as help in mass vaccination campaigns.

CURATIVE AND PREVENTIVE MEDICAL SERVICES

Clinics, Hospitals and Laboratories

20. Curative and preventive services continued to be provided to refugees at 122 places. The Agency itself maintained services at 105 clinics and gave subsidies to Governments and voluntary societies to operate the remaining 17. Although the number of refugees entitled to UNRWA's medical care rose by some 2.5 per cent as compared with the previous year, attendances for curative services dropped by 7 per cent, owing largely to a general decrease in the incidence of infectious eye conditions.

21. The Agency's curative services comprised medical consultations in UNRWA clinics, infections, dressings, eye treatments, limited dental care and the dispensing of medicines. Where indicated, patients were referred to specialists or hospitals for further investigation or treatment. Arrangements have also been made to enable patients to benefit from technological advances in such specialized fields as open cardiac surgery, facilities for which have recently become available in the Middle East. Table 9 of Annex 1 contains a summary of clinic attendances.

22. The total number of hospital beds available for refugees as at the end of April 1967 was 1,869. Some 75% of these beds were used for the treatment of acute cases (medical, surgical, paediatric, gynaecological and obstetrical); the remaining 25% were reserved for patients suffering from chronic diseases (tuberculosis, mental diseases). The Agency itself maintains only two hospitals, both in Jordan (a tuberculosis hospital and a cottage hospital), nine camp maternity wards located for the most part in the Gaza Strip, seventeen rehydration/nutrition centres situated in all host countries.
and a small paediatric ward in the Gaza Strip. In addition, UNRWA and
the United Arab Republic Government health authorities jointly operated
a tuberculosis hospital in Gaza. The majority of hospital beds are,
however, located in Agency-subsidized governmental, university or private
institutions. Statistical information on the number of beds available
is given in Table 10.

23. Laboratory services continued to be provided by university, Govern-
mental or private laboratories, generally on a subsidy or cost for service
basis, though occasionally free of charge. The Agency itself has continued
to maintain two small laboratories in Lebanon and one central laboratory
in the Gaza Strip, as well as a small clinical laboratory attached to the
newly established UNRWA/Swedish Health Centre. It is planned to amalgamate
the two latter laboratories.

Control of Communicable Diseases

24. No case of any of the six quarantinable diseases (cholera, plague,
relapsing fever, smallpox, typhus and yellow fever) was reported amongst
the refugee population. However, in the face of the threat posed by an
outbreak of cholera in a neighbouring country in August 1966, strict
precautionary measures, including mass immunization, were applied through-
out the Agency's areas of operation, in line with the policies of host
Governments.

25. Gastro-enteric infections of a wide variety continued to present
the Agency's curative and preventive services with their greatest challenge,
and no striking decrease in either diarrhoeal diseases of infants or
dysenteric diseases of older children and adults can be reported. Infectious
hepatitis showed a sharp rise of incidence in the Gaza Strip and the Syrian
Arab Republic, as did enteric-group fevers in the latter country. There
was a moderate increase in poliomyelitis but the total for the refugee
population in all host countries during the ten months ending in April 1967
was only 41 cases. Aside from routine immunization against enteric-group
fevers and poliomyelitis, improvement of environmental sanitation standards
is given constant emphasis by the Health Department as the means of
controlling this major group of infectious diseases.

26. The acute respiratory infections continued as a second major
group of communicable diseases in terms of their prevalence and seriousness,
especially for infants and young children. Whooping-cough and diphtheria
continued to be well controlled through immunization, although cases of the
former occurred in some number in the more remote areas not under close
health coverage by the Agency. To combat measles, an ever-prevalent and
serious childhood disease, the Health Department carried out mass immuni-
za tion with inactivated vaccine in the past year and is now conducting pilot
studies, in collaboration with WHO, on the use of a mixed smallpox and
attenuated measles virus vaccine. The communicable eye diseases, including
trachoma, continued their steady downward trend, largely as a result of
modern methods of treatment.

27. The mass pulmonary tuberculosis survey and control programme which
the Public Health Department in Gaza has been conducting for resident and
refugee population alike over the past 1½ years, with financial assistance
from UNRWA, brought to light a substantially increased number of cases;
238 were reported, as compared with 213 reported last year. The Government
of Jordan also embarked upon the pilot phase of a mass survey and control
programme in September 1966 which includes the refugee population (24,000)
of Amman New Camp. The Agency's Health Department initiated pilot projects
of direct BCG vaccination for infants and elementary school entrants in
Jordan, Lebanon and the Syrian Arab Republic as a step towards eventual
routine protection of all young children in the refugee population. In
malaria control or eradication, the Agency's main efforts have been directed
to the Gaza Strip, where the Government Public Health Department and UNRWA's
Health Division jointly carried out modified surveillance and larvicidal
measures. The Agency submitted an evaluation report on the programme for
the year 1966 to the Eastern Mediterranean Regional Office of WHO (EMRO).
Table 11 summarizes the numbers of cases of communicable diseases reported for the refugee population during the ten months ending in April 1967.

Maternal and Child Health

29. Comprehensive health protection for the mother and child continued to be provided in 81 maternity clinics and 79 infant clinics in the Agency's health units, as well as in a few clinics operated by voluntary agencies. Maternal services included prenatal care, delivery at home or in maternity centres and post-natal care, supplemented by hospital referral service in cases of abnormality. The infant health service comprised regular supervision at clinics, selective home visiting, a broad programme of immunization and systematic health teaching.

30. The nutrition of mothers and young children continued to receive special attention. Protective measures are described more fully in the section on supplementary feeding in paragraphs 8-10 above. Special efforts were made towards nutritional restoration of underweight infants through the supplementary feeding programme (see paragraph 36) and through timely referral to the rehydration/nutrition centres. Three additional rehydration/nutrition centres were opened during the year, making a total of 17 centres with 202 cots in all four host countries.

31. Health services for the school child continued along established lines and comprised medical examination and follow-up care of school entrants, later examinations as indicated, immunity reinforcement with diphtheria toxoid and TdAB vaccine, health education and school sanitation. Medical examination procedure and the system of reporting on school health services were revised. The Health Department is collaborating with the Education Department in a special study on scholastically retarded children.

32. A survey on health status, morbidity and mortality in the pre-school child (2-5 years) was conducted in all host countries. Analysis of the survey data is proceeding and the findings will provide the basis upon which both to plan regular health care for this group and to make later evaluations.
33. Summarized information on pre-natal and infant care and on the school health services is presented in Table 12.

Health Education

34. The Agency provides individual and mass health education through the channels of its clinics, feeding centres, maternal and child health services, schools, youth centres and women's activities centres. The basic aim of the programme is to encourage the refugees to recognize their health needs and to cooperate with the health staff in finding solutions to them. Monthly health drives and weekly health promotion days are organized, and use is made of group discussions, lectures, informal talks and audio-visual aids. Special emphasis is given to health education in schools, where school health committees and clubs have been formed and where a particular theme is developed on the month-by-month basis. The teachers themselves receive health education in the Agency's training centres, where the subject now forms part of the curricula.

Nursing Services

35. The Agency's nursing staff continued to provide nursing services in both the preventive and curative fields and were specially concerned with maternal and child health, layette distribution, school health, health education, home visiting, infant feeding supervision, tuberculosis and venereal diseases control, individual immunizations and mass immunization campaigns, special surveys and the care of the sick in clinics, hospitals, and rehydration/nutrition centres. They also participated in the Gaza Strip in the special health and education project in operation in preparatory girls' schools. At the end of April 1967 the Agency was employing 161 graduate nurses and midwives and 298 auxiliary nurses. The clinics and hospitals subsidized by the Agency also provide a substantial nursing staff.

Nutrition

36. Although a general nutritional survey has not been carried out during the past 12 months, the study of the health status of pre-school children (see paragraph 32 above) included appraisal of the nutritional status
of each child examined. Close attention has also been paid to the numbers and percentages of underweight infants among the age-group 0-2 years attending infant health clinics. The number of severely underweight children is low (i.e., 2 percent), but those moderately underweight amount to about 8.3 percent, and those slightly underweight to about 13.9 percent. These figures indicate the existence of a substantial nutritional problem, probably of complex origin, which merits close observation and surveillance and will necessitate the continued special protection, as far as may be possible within the limits of the Agency's restricted resources, of particularly vulnerable groups. The Agency's supplementary feeding and milk distribution programme described under paragraphs 8 to 10 above has been designed with this specific need in mind, though due attention is also given to environmental sanitation and health education, more particularly of mothers of families.

ENVIRONMENTAL SANITATION

37. This programme continued to be chiefly concerned with the provision of safe water supplies, sanitary waste disposal, and the control of insect and rodent disease vectors in the Agency's fifty-four camps. During the period under review, the number of public water points and taps as well as the number of private domestic connections with public or private water schemes has been increased. A sewerage scheme has been completed in one camp and a number of similar schemes are being carried out by local authorities, with the financial assistance of UNRWA. The construction of family latrines continued to be encouraged by the Agency and about 39 per cent of refugee families living in camps now have private latrines. Garbage disposal is dealt with by composting, incineration or dumping, depending on local circumstances. Waste water disposal continues to present serious problems in a number of camps situated within or near municipal boundaries. As regard fly control, reliance is mainly placed on the prevention of fly breeding through improved environmental sanitation, combined with the
judicious use of insecticides. Louse and bedbug control is carried out by means of selective dusting and rodents are controlled principally by rational trapping. In malaria control, the Agency works closely with the malaria eradication programmes. During the period under review, the ratio of the sanitation labourer force in camps has been reduced from 1.8/1,000 to 1.7/1,000 of the camp population, mainly as a result of the increase in the number of family latrines available and the consequent closure of some public latrines.

MEDICAL EDUCATION AND TRAINING

38. The table in paragraph 70 shows that of the 255 scholarships held or awarded in the field of health under the Agency's university scholarships programme during 1966-67, a total of 217 were in medicine, 31 in pharmaceutical chemistry, and 7 in dentistry. In addition, 84 students were receiving training in nursing and midwifery; 42 in basic nursing, 36 in mental nursing, 5 in midwifery and one in tuberculosis nursing for practical nurses. Forty-one students were under training as assistant pharmacists, 27 as public health inspectors and 16 as laboratory technicians. One Agency medical officer was awarded a WHO scholarship in public health, one nurse an Agency scholarship in public health nursing training, and one staff member a scholarship in basic statistics. An active programme of in-service training of staff, including doctors, nursing and auxiliary staff, continued to be carried out.
C. EDUCATION AND TRAINING SERVICES

39. Since 1950, the educational services for the Palestine refugee community have been operated and developed by UNRWA and Unesco in association, and over the years this collaboration has grown closer and more effective. In the early part of 1967 it was further stimulated by the visit to UNRWA's area of operations of the Director-General of Unesco. In the course of this visit, arrangements were made for a further two-year extension of the agreement between the two organizations setting out their respective roles in this joint education programme. Fruitful discussions were held on various aspects of the programme and on ways and means of strengthening it. Subsequently, the Director-General and senior Unesco staff members accompanying him visited the UNRWA/Unesco Institute of Education in Beirut and the Agency's two training centres inRamallah, Jordan. Prior to this visit, and shortly after it, the Director of UNRWA's Department of Education had discussions in Paris with the Unesco Secretariat on the Department's proposals for the school year 1967–1968.

40. In October 1966 a second educational conference was held in Beirut between representatives of the host countries, of Unesco and of UNRWA, to follow up the results of the previous year's meeting and to consider the programme proposed for the school year 1966–1967. A representative of the League of Arab States was also present at this three-day meeting. As on the previous occasion, it led to a series of recommendations which the Agency has used as a guideline in framing its educational policies and in drafting the coming year's programme. One of the recommendations was that the Agency Education Department should attempt to draw up an education programme for the refugees based on a professional judgment of the needs of the refugee community, irrespective of the funds available to finance such a programme.
Action on this recommendation is described in paragraphs 10 to 12 of the introduction to this report. Another recommendation, which the Agency has gladly accepted, proposed the establishment of joint co-ordination and implementation committees between UNRWA and each host country, to strengthen co-operation between them in the field of education. Discussions have been taking place concerning the setting-up of these committees.

41. The conference also proposed the holding of future annual conferences in the latter part of May of each year, before the preparation of the Commissioner-General's report to the General Assembly and before the beginning of the new school year. Accordingly the third meeting of this series was scheduled in Beirut from 31 May to 2 June 1967, but unfortunately had to be postponed to a later date owing to developments in the area.

42. During the past year, in response to appeals for help in meeting its financial deficit, UNRWA received not only the regular financial assistance for its educational programme on which it depends, but also further special help, some of it of a most generous nature. Details of these donations from Governments, non-governmental organizations, business firms and individual donors in many countries will be found in the tables and .

43. During the period of the report, UNRWA operated 440 elementary and preparatory schools, 363 of them in Agency-built and 177 in rented premises. It employed 5,112 teachers in these schools and provided education in them for 187,000 refugee children out of the 246,500 who were enrolled in these first nine years, which are increasingly being accepted in the Arab world as the basic period of general education. Looked at from a purely quantitative angle, the situation of the refugee children was in this respect highly satisfactory, as the total enrolment quoted above represented over 75 per cent of the estimated number of refugee children in the age-group. In terms of the quality of the education given, however, much still remains to
be done to overcome the handicaps of overcrowded classes and inadequate equipment and teaching aides, and to ensure that all teachers are adequately qualified.

44. In the upper secondary cycle of general education nearly 19,000 Palestine refugee students were in government or private secondary schools, many of them assisted by subsidies paid by the Agency on their behalf. It must be acknowledged that these subsidies covered only a small part of the actual cost of the education provided and that in this cycle of education the main burden was being carried by the Governments of the host countries. 45. Details of the numbers and distribution of refugee children receiving education are given in tables 13 to 17 at the end of this report.

Elementary (primary) cycle

46. The total enrolment in the UNRWA/Unesco primary schools during the period under review amounted to some 147,500 refugee children, compared with 140,000 during 1965-1966, representing an increase of 5.3 per cent over the previous school year. In addition, eligible refugee children enrolled in government and private elementary schools were estimated to total 29,700, as compared with 29,100 during 1965-1966.

Preparatory (Lower Secondary) cycle

47. Practically all eligible refugee children who had successfully completed the elementary cycle were admitted to UNRWA/Unesco, to government or to private preparatory schools. The preparatory cycle covered a three-year course in Jordan, the Syrian Arab Republic and the Gaza Strip and a four-year course in Lebanon. The total number of eligible refugee children enrolled in UNRWA/Unesco preparatory schools during the school year 1966-1967 was 39,500, in addition to which some 10,800 were enrolled in government and private schools, compared with 36,150 and 10,350 respectively during the previous year. These figures represent an increase of 9.2 per cent.
48. In paragraphs 9 and 76 of last year's report, attention was drawn to the financial and other implications of admitting into the preparatory cycle all qualified refugee children seeking admission. The doubt was expressed whether the Agency would be able to continue to afford a rate of expansion of the order quoted in the two preceding paragraphs, and the suggestion was made that it might be preferable to limit expansion to some such rate as five per cent per year and to devote some resources to improvements in quality. It should be pointed out that any such restriction on the entry of refugee children into the preparatory cycle of general education would be strongly criticised by the responsible authorities in the host countries. At the meeting held in October 1966, to which reference was made in paragraph 39 above, representatives of the host countries placed on record their belief that compulsory education should cover the elementary and preparatory cycles, and they requested the Agency to give serious consideration to adopting this principle.

49. However, it must be borne in mind that annual expansions of the order of eight per cent place a very heavy strain on an education service, and may lead to deterioration in quality. The Agency's Education Department is very conscious of this danger and is doing everything possible, within the limits of the financial and professional resources available to it, to combat deterioration. Its main hope in this respect lies in the work being done by the UNRWA/Unesco Institute of Education for the in-service training of the Agency's teaching staff.

50. In the school year under review, the home economics programme for girls in the Gaza Strip, introduced in 1964-1965, was extended to the third preparatory grade to cover the full cycle, with an enrolment of 8,000 girls. Ten additional home economics units were built, bringing the total to 26. To meet expected enrolment increases over the coming two years an additional four units would be required. UNRWA's Education and Health Departments are now collaborating in this programme, as a special health education programme is
being followed by the third preparatory girls under the professional
guidance of Health Department staff.

51. In Lebanon, the teaching of French, which was introduced into grade
one of the preparatory cycle of UNRWA/Unesco schools in 1964-1965, has been
extended to grades two and three, and will cover the complete cycle in
1967-1968. This activity now involves 2,100 students and 14 French language
teachers. Plans to introduce a similar programme into the Agency’s schools
in the Syrian Arab Republic are under study.

Upper Secondary cycle

52. UNRWA does not conduct classes at the upper secondary level in its own
schools, but gives some assistance in the form of grants, allowances or
subsidies to eligible refugee students enrolled in government or private
schools at this level. In 1967 the total amount set aside by the Agency for
subsidizing upper secondary education amounted to $475,385. With an estimated
19,000 refugee students in the cycle, this represented an average unit cost
of $25 per student, a figure much below the actual cost of the education
provided. However, so long as the deficit situation persists, and so long
as priority has to be given to the provision of education at the elementary
and preparatory levels on the unrestricted basis referred to above, UNRWA
will not be in a position to revise its policy of limiting the amounts it
sets aside for upper secondary education.

Youth education

53. The Agency’s youth activities programme continued to be carried on in
32 refugee camps in Jordan, Lebanon and the Gaza Strip. The youth centres,
now in their eighth year, were all directed by volunteer refugee leaders with
the help of committees responsible for administration, community service and
cultural, recreational and sports activities. There was a noticeable increase
in membership of young adults, particularly of school teachers. Sports
remained by far the most popular activity and fruitful co-operation was
established in Jordan and the Gaza Strip between refugee youth centres and the sports federations of the host countries. During the summer vacation in 1966, 2,000 schoolboys benefitted from a recreational programme organized for them by young men in 24 camps. Over a hundred service and work projects, such as health education, the improvement of sanitary installations and camp roads, the planting of trees, and the making of playgrounds and gardens, were completed by young refugees in their camps last year.

54. The World Alliance of YMCA's continued to be responsible for the training of volunteer refugee youth leaders. This programme was sponsored and financed jointly by UNRWA and the YMCA at an estimated cost in 1967 of $28,000, three-quarters of which was contributed by the YMCA. An international work camp was organized in Jordan in the summer of 1966, at which 42 young men from Canada, the United Kingdom and the United States participated, together with refugees. The campers helped to establish garbage dumps and waste-water pits in three refugee camps where over 11,000 people live.

Four Canadian YMCA student volunteers helped in the training programme and the work projects in refugee camps during the summer of 1966. One Canadian YMCA volunteer was assigned to work for the youth activities programme in the Gaza Strip for a year.

Preschool play centres

55. Special contributions once again enabled the 18 play centres in the four host countries to provide small refugee children with the rudiments of kindergarten training and enabled them to enjoy a cheerful and happy atmosphere. The refugee parents themselves contributed what they could towards the salaries of the supervisors in charge of each centre.

VOCATIONAL TRAINING (INCLUDING TEACHER TRAINING)

56. UNRWA's programme of teacher training falls into two distinct categories, pre-service training of refugees in its three residential training centres
in Jordan and Lebanon and in government centres in the Gaza Strip and Cairo, and in-service training of those of the 5,000 teachers on its staff who are professionally under-qualified.

Teacher training in UNRWA Centres

57. The three UNRWA centres provided a two-year post-secondary course, aimed at producing qualified teachers principally for the elementary cycle; the government centres offer a five-year post-preparatory course in Gaza and a four-year post-secondary course in Cairo, the latter producing teachers of university graduate standard for subject teaching at the secondary school level. The Agency had a fourth centre at Homs, in Syria, which has regrettably been closed for the last two school years. Negotiations are continuing with the Syrian Arab Republic authorities for the reorganization of this centre and its reopening in collaboration, it is hoped, with the Ministry of Education.

58. The total number of refugee students enrolled in the above-mentioned courses is 1,121. At the end of the 1965-66 school year, 519 refugees graduated from these courses, and once again the majority of them found employment outside the UNRWA school system, mainly with Arab Governments other than those of the host countries. The Agency was thus unable to count on their help to close the gap between its trained and untrained teachers. Fortunately, it now has other resources, as the impact of its in-service training programme is beginning to make itself felt.

In-service teacher training provided by the UNRWA/Unesco Institute of Education

59. About 630 elementary school teachers employed by the Agency successfully completed the first two-year basic course of the Institute in August 1966. This represented about 73 per cent of the initial enrolment in October 1964, and 85 per cent of the 741 candidates who completed the course and presented themselves for the final examinations. Their professional training was provided through guided self-study correspondence courses, accompanied and
reinforced by an efficient system of supervision. Seminar groups of 25 to 30 teachers were each placed under the tutorship of a Field staff member of the Institute, and there was a close follow-up in the classroom over the whole period of training. Summer courses and yearly examinations were also an essential part of the training given.

60. The second two-year basic course, in which 717 teachers are enrolled, will be completed in August 1967. The third basic course started in October 1966 with an enrolment of 852 teachers. More than 2,200 UNRWA teachers, out of a total amounting at present to slightly over 5,000, have thus been involved in this programme of "on-the-job" training, which, although still in an experimental stage and considered by Unesco as a pilot project, is already contributing effectively to the Agency's efforts to improve the quality of education in its schools.

61. The programme is recognized by the Agency, for salary and grading purposes, as being fully equivalent to the pre-service training provided by the Agency's teacher training centres.

Vocational training and technical education

62. In developing its vocational training programme, UNRWA has to some extent pioneered in the Arab Middle East and has become one of the most important purveyors of this type of technical assistance in the region. A development of interest during the year has been the encouraging employment record, noted in paragraph 61 below, of the young refugees, both men and women, who have successfully completed their courses.

63. In all, 1,855 men and 237 women were enrolled in the Agency's seven residential vocational training centres during 1966-1967. In addition, 19 men and 15 women students were following training courses in private and governmental technical schools at UNRWA's expense. The enrolment by field of training during each of the school years 1965-1966 and 1966-1967 is shown in the following table: further details of the courses of study and the centre attended will be found in table 17 of Annex 1.
Field of training | 1965/1966 | 1966/1967
--- | --- | ---
Vocational training for girls | 299/\* | 237
Metal trades training | 657 | 699
Electrical trades training | 357 | 360
Building trades training | 231 | 356
Agricultural education | 59 | -
Technical and commercial training | 414 | 440
All fields of training | 2,087 | 2,092

\* Including 32 girls trained as home economics teachers for the Gaza Strip.

64. As was explained in last year's report, efforts to find jobs for young refugees trained at the Agricultural Training Centre at Beit Hanoun in the Gaza Strip had met with a disappointing lack of success. After consultation with the Government of the United Arab Republic, the Centre was accordingly converted at the beginning of the 1966-1967 school year into an institution for the training of elementary school teachers with a rural bias, and handed over to the government authorities. UNRWA paid subsidies for 30 refugee students.

65. At the suggestion of the Gaza authorities, plans had been drawn up to increase the capacity of the Gaza Vocational Training Centre from 368 to 568 places within a period of three years, partly through the use of double shifting. The Government had offered to finance the cost of construction of the new buildings required and to contribute to the recurrent training costs for the additional trainees, some 50 of whom were to be non-refugees - a figure which roughly corresponded to the proportion of non-refugees to refugees in the population of the Gaza Strip. UNRWA was to have met the cost of the additional equipment required. At the end of May 1967, negotiations with the Government were at an advanced stage, and it was

\* A/6313, paragraph 69.
expected that building would begin shortly.

66. The total number of trainees who successfully completed the vocational and technical training courses at the end of the 1965-1966 school year was 1,128. Of this number, 288 were given the opportunity of gaining further experience by working in industry in a number of countries for periods ranging from six to 24 months. The receiving countries were the United Arab Republic (103), the Federal Republic of Germany (101), Sweden (50), Switzerland (8), France (4), Denmark (1), and Finland (1). The placement in jobs of the remaining 860 graduates and of the 225 young refugees who returned after periods of work experience in industry abroad was highly satisfactory. Six months after graduation, the Agency's records showed that at least 85 per cent had found employment in the host countries or in other parts of the Arab world.

**Adult training courses**

67. The Agency carried on its handicraft training courses for some of the refugees who lack qualifications for admission to vocational training centres. Twenty-eight young men followed a one-year carpentry course at three centres in Jordan, and 1,607 young women completed a six-months' sewing course at 35 centres. Four hundred and fifty young women took part in the programme of women's activities carried out in 14 centres and financed solely by special donations. It included literacy training and classes in handicrafts, needlework, child care, first aid and household skills. The products of the handicrafts and needlework classes were sold on a co-operative basis and the profits used for the improvement of the centres. The small libraries continued to be well-patronized, and the cultural and recreational activities were especially popular. The women's activities programme is financed solely by special donations. During the year, 450 young women took part in the activities of the centres.
Training of the handicapped

68. A heartening feature of the Agency's programme of training and rehabilitation of young handicapped refugees has been the success of many of the disabled, on completion of their training, in finding useful work. In the Gaza Strip, for example, 20 blind boys who completed their training in June 1966 are now working, nine of them in a rug-making project and eleven in a project for the production of cleaning supplies. At the end of the 1966-1967 school year, four deaf trainees who had been studying in UNRWA vocational training centres side by side with normal boys completed their two-year courses as plumbers and sheet metal workers. This experiment, the first of its kind in the region, proved so successful that the Agency plans to admit additional handicapped refugees to its training centres during the coming year. In all, 322 blind, deaf and crippled refugee boys and girls were placed during the year under review in specialized institutions in the Middle East, 110 of them free of charge. In addition, 50 blind refugees received training at the Centre for the Blind in the Gaza Strip, financed by the Pontifical Mission for Palestine.

UNIVERSITY EDUCATION

69. UNRWA awarded a total of 590 scholarships for university study during the academic year 1966-1967. These scholarships are awarded only for one year at a time but are renewable from year to year for the duration of the course of study undertaken by the student, provided he successfully passes the end-of-year examination held by his faculty. Of the 590 scholarships, 444 were continuing and 146 were new scholarships. One hundred of these new scholarships were "open" awards and the balance of 46 scholarships were "closed" awards. These terms imply that in the former case recipients are left free to choose both their university and their course of study. The "closed" scholarships are restricted to courses of study considered to be
of direct use to the Agency, such as mathematics, science and education diploma courses, and are subject to acceptance of a bond obliging the recipient to work for the Agency after graduation for a stated period, if required to do so.

70. The distribution of scholarships by field of study and country of study is shown in the following table:

<table>
<thead>
<tr>
<th>Course of Study</th>
<th>U.A.R.</th>
<th>Lebanon</th>
<th>S.A.R.</th>
<th>Jordan</th>
<th>Iraq</th>
<th>All Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicine</td>
<td>147</td>
<td>30</td>
<td>38</td>
<td>-</td>
<td>2</td>
<td>217</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>22</td>
<td>5</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>31</td>
</tr>
<tr>
<td>Dentistry</td>
<td>5</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Engineering</td>
<td>115</td>
<td>25</td>
<td>32</td>
<td>-</td>
<td>3</td>
<td>175</td>
</tr>
<tr>
<td>Agriculture</td>
<td>13</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Forestry</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Arts*</td>
<td>18</td>
<td>19</td>
<td>2</td>
<td>19</td>
<td>-</td>
<td>57</td>
</tr>
<tr>
<td>Science*</td>
<td>27</td>
<td>17</td>
<td>10</td>
<td>15</td>
<td>-</td>
<td>69</td>
</tr>
<tr>
<td>Commerce</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Economics</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Ed. Diploma</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>11</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td><strong>All countries</strong></td>
<td><strong>351</strong></td>
<td><strong>96</strong></td>
<td><strong>94</strong></td>
<td><strong>44</strong></td>
<td><strong>5</strong></td>
<td><strong>590</strong></td>
</tr>
</tbody>
</table>

* Include students who may later enter the medical or engineering schools of their university.

71. Although it is unlikely that the Agency will be able to increase its own expenditure on this highly important cycle of education, there are other possibilities of adding to the total number of university awards open to Palestine refugee students. In the academic year 1966-1967, awards for both first degree and post-graduate courses of study were made by the Governments of Iraq and the German Federal Republic. The Agency, with the active assistance of UNESCO, is seeking to extend such opportunities by contacting other countries which are in a position to offer scholarships to foreign students, in the hope that they will make some of their scholarships available to Palestine refugees.
72. By the end of June 1967, the following numbers of scholarships had been awarded to Palestine refugees by the governments of the countries outside UNRWA's area of operations: Federal Republic of Germany, 24; Yugoslavia, nine; Iraq, five; Turkey, two.
D. OTHER ASSISTANCE TO REFUGEES

THE DEVELOPMENT BANK OF JORDAN

73. During the year the Development Bank of Jordan, of which UNRWA was one of the principal shareholders, was dissolved and all its assets and liabilities transferred to the Government's Agricultural Credit Corporation, which is paying to the shareholders at par the value of their shares. In UNRWA's case, the total sum involved is $1,813,000, to be paid under an Agreement between the Agency and the Agricultural Credit Corporation in instalments over an extended period. These sums will be used, in agreement with the Government, for urgently needed school construction, to replace certain unsatisfactory and unsuitable premises currently in use, and to increase classroom capacity. Apart from the value which will result in terms of improved educational standards and facilities for refugee pupils in Jordan, the Agency will be able to achieve some indirect savings on rent and through the more efficient and economical use of teachers.

E. COMMON SERVICES AND GENERAL ADMINISTRATION

74. During the year under review the effort to lower administrative costs has continued and the overall staff complement has been further reduced (see table 23). The gradual replacement of international officials by locally recruited staff members has also been continued and is reflected in these figures. The pattern of services remains unchanged; they comprise the general administration of the Agency at its headquarters and in the host countries, its public information services and the maintenance of offices in New York, Geneva and Cairo; the transport of persons and goods within UNRWA's area of operations; market research, purchasing, control and warehousing of supplies and equipment; personnel administration, translation, legal, financial, statistical, recording and engineering services and the protection of the Agency's property.
F. FINANCIAL OPERATIONS

75. The financial accounts of UNRWA are published separately, together with the related auditors' report. This section, therefore, presents in summary form the Agency's actual financial operations in 1966 and its estimated financial operations in 1967. (UNRWA's fiscal period is the calendar year, whereas the present report covers the period 1 July 1966 to 30 June 1967).

76. The following summary table reflects the Agency's financial operations during 1966:

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions of U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital (operating reserve) at 1 January 1966</td>
<td>15.3</td>
</tr>
</tbody>
</table>

Income for 1966:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledges by Governments</td>
<td>35.0</td>
</tr>
<tr>
<td>Other contributions</td>
<td>0.3</td>
</tr>
<tr>
<td>Other income and exchange adjustments</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>36.3</strong></td>
</tr>
</tbody>
</table>

Expenditure and commitments for 1966:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief services</td>
<td>17.3</td>
</tr>
<tr>
<td>Health services</td>
<td>5.0</td>
</tr>
<tr>
<td>Educational services</td>
<td>15.2</td>
</tr>
<tr>
<td><strong>Total, expenditure and commitments</strong></td>
<td><strong>37.5</strong></td>
</tr>
</tbody>
</table>

Excess of expenditure and commitments over income (deficit) (1.2)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work capital (operating reserve) at 31 December 1966 before adjustments and transfers</td>
<td>14.1</td>
</tr>
<tr>
<td><strong>Add:</strong></td>
<td></td>
</tr>
<tr>
<td>Net adjustments of prior year's accounts</td>
<td>0.2</td>
</tr>
<tr>
<td>Adjusted working capital (operating reserve) at 31 December 1966</td>
<td>14.3</td>
</tr>
</tbody>
</table>

77. As the preceding table shows, UNHWA incurred a deficit of $1.2 million in 1966, and working capital (operating reserve) was reduced by $1.0 million after adjustments of prior years' accounts. This was the fourth successive year in which the Agency incurred a deficit, which had amounted in 1963 to $0.5 million, in 1964 to $2.0 million and in 1965 to $2.5 million. These successive deficits have thus totaled some $6.2 million, all of which has had to be met by drawing down the Agency's working capital (operating reserve).

78. At the end of 1966, working capital stood at only $14.3 million, substantially less than the minimum of $16 million which the Agency considers it should have at the beginning of a fiscal year in order to finance its "pipeline" of supplies and to provide operating funds during the first half of the year, when the rate of payment of contributions normally lags behind the Agency's rate of expenditure.

79. Unliquidated commitments carried forward from 1966 (or prior years) to 1967 totaled approximately $0.8 million, a reduction of $0.3 million from the $1.1 million of such commitments which had been carried forward from 1965 to 1966. This reduction resulted primarily from the reductions in budget allocations for shelter and school construction in 1967 caused by the lack of funds. During 1966, savings on liquidation of commitments from prior years totaled some $98,000, only slightly above the level of 1965.

80. At the end of 1966, unpaid pledges from Governments totaled $7.2 million, compared with $8.1 million at the end of 1965, reflecting a minor improvement in the rate of payment of contributions in 1966 by certain Governments. The free cash position at the end of 1966, however, reflected the deficit incurred by the Agency in 1966, cash resources in excess of current liabilities and provisions for future liabilities amounting to only $1.6 million, compared with $2.9 million at the end of 1965 and $6.3 million at the end of 1964. Inventories of supplies and advances to suppliers at $6.2 million were slightly higher than at the close of 1965 ($5.8 million). There was no significant change in other assets.
81. For 1967 the Agency's financial operations cannot be predicted with accuracy because of the effects of the hostilities of June and their aftermath. Prior to the hostilities the Agency had managed to reduce its estimated expenditure from the budget of $39.3 million submitted to the General Assembly to $39.1 million. However, income then expected to be received from all sources totalled only $34.6 million, so that the Agency faced a deficit for 1967 of some $4.5 million.

82. Subsequently the Agency's estimates of both expenditure and income for 1967 have had to be substantially revised and the Agency's present (but highly provisional) estimates are $42.3 million of expenditure and $42.7 million of income. The following summary table reflects the Agency's projected financial operations for 1967 based upon these provisional estimates, divided between the Agency's "normal" programme for 1967 and its "expanded programme" arising from the hostilities of June:

<table>
<thead>
<tr>
<th></th>
<th>Normal programme</th>
<th>Expanded programme</th>
<th>Total (millions of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital (operating reserve) at 1 January 1967</td>
<td>14.3</td>
<td></td>
<td>14.3</td>
</tr>
<tr>
<td>Estimated income for 1967:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges by Governments</td>
<td>34.0</td>
<td>5.7</td>
<td>39.7</td>
</tr>
<tr>
<td>Other contributions</td>
<td>1.0</td>
<td>0.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Other income</td>
<td>1.3</td>
<td></td>
<td>1.3</td>
</tr>
<tr>
<td>Total estimated income</td>
<td>36.3</td>
<td>6.4</td>
<td>42.7</td>
</tr>
<tr>
<td>Less estimated expenditure 1967:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relief services</td>
<td>17.5</td>
<td>2.2</td>
<td>19.7</td>
</tr>
<tr>
<td>Health services</td>
<td>5.1</td>
<td>0.1</td>
<td>5.2</td>
</tr>
<tr>
<td>Education services</td>
<td>16.5</td>
<td>0.3</td>
<td>16.8</td>
</tr>
</tbody>
</table>

8) A/6313, Part II
<table>
<thead>
<tr>
<th></th>
<th>Normal programme (millions of U.S. dollars)</th>
<th>Expanded programme</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased unit costs</td>
<td>-</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Losses due to hostilities</td>
<td>-</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>32.4</td>
<td>3.7</td>
<td>42.8</td>
</tr>
</tbody>
</table>

Estimated surplus (deficit) 1967

<table>
<thead>
<tr>
<th></th>
<th>Estimated surplus (deficit) 1967</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2.8)</td>
</tr>
</tbody>
</table>

Estimated working capital

Estimated working capital (operating reserve) at 31 December 1967, before possible adjustments for prior years

<table>
<thead>
<tr>
<th></th>
<th>11.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.7</td>
</tr>
</tbody>
</table>

83. The estimate of $39.7 million income from contributions by governments is based upon $28.3 million of pledges actually made to date (including $5.7 million of special pledges made for the emergency situation arising out of the June hostilities) plus $11.4 million of "normal" pledges which the Agency feels it has good reason to expect will be made in the light of previous experience.

84. The estimate of $1.7 million from non-governmental contributions represents an increase of $0.9 million over the figure for 1966, and includes $0.7 million of special contributions received or expected to be received in respect of the emergency. Continuation of income at this level from non-governmental sources in 1968 appears highly unlikely.

85. The estimate of $1.3 million of other income includes over $0.8 million of extraordinary income, the principal item of which is the return to the Agency of $0.5 million of funds previously invested in the Development Bank of Jordan (see paragraph ). Little or none of this extraordinary income is likely to be again received by the Agency in 1968.

86. As the summary table above reveals, although the Agency expects to receive special contributions and other income considerably in excess of its estimated "expanded" programme expenditure, income
related to its "normal" programme is expected to fall short of its requirements by some $2.8 million. Since the estimated excess of special income over expanded programme expenditure must be reserved to cover, in part at least, continued expanded programme expenditure in 1968 (see paragraph 21 of Part II), true working capital at the close of 1967 is estimated at only $11.5 million, following the estimated deficit of $2.8 million in normal programme income. Even with the greater flexibility made possible to the Agency in its financial operations by an amendment to its financial regulation, working capital at $11.5 million is not really adequate to the Agency's needs.

87. Magnificent as the response has been in 1967 to the Agency's need for funds to meet its increased costs arising out of the emergency, therefore, this should not be permitted to obscure the fact that the Agency's basic financial position will further worsen markedly in 1967, for the fifth consecutive year.

87a. It seems clear that the Agency cannot long continue on this basis; if the Agency is to continue to provide the services that it is expected to provide, a more rational and more dependable system of financing its operations is urgently needed.

---

9) This amendment permits the Agency to enter into long-term commitments (e.g., staff separation payments) against unpaid pledges, where previously it could as a practical matter enter into commitments only against cash in hand. See also paragraph 6 of the introduction to this report.
The budget for 1968 presented herein totals $45,830,000, compared with estimated expenditure of $42,760,000 in 1967 and actual expenditure of $37,498,000 in 1966.

The budget for 1968 (and estimates of expenditure for 1967) can only be considered as provisional. The hostilities of June and their aftermath have made it extremely difficult for the Agency to forecast with any reasonable degree of accuracy the numbers of refugees who will require assistance and the nature and probable cost of such assistance, either during the remaining months of 1967 or during the whole of 1968. For this reason, the budget for 1968 has been presented in two parts, the first representing the Agency's estimate of its requirements under the conditions which prevailed before the hostilities of June ("normal programme") and the second representing the best estimate the Agency can presently make of its additional requirements arising out of the hostilities and their aftermath ("expanded programme").

For its normal programme, the Agency estimates that it will expend $40,150,000 to provide services to the number of refugees entitled to assistance, at approximately the standards which applied during 1966 and early 1967, compared with estimated expenditure of $39,024,000 on the same basis for 1967 and $37,498,000 actual expenditure in 1966. The principal factor of expected increase in 1968 costs over those of 1967 is that of prices (including staff costs); this factor alone will probably account for $0.8 million of the total expected increase of $1.1 million. This remaining $0.4 million increase results principally from the necessity to provide for a larger school population, after taking into account minor increases in medical and sanitation services, largely offset by effective savings of some $0.25 million on common costs.
91. In addition to providing for the Agency's normal programmes, the budget provides $5.7 million for possible increased activities arising from the hostilities and their aftermath. As emphasized above, this is only a provisional estimate based upon the best assumptions the Agency can presently make, and actual requirements could prove to be much higher.

92. This amount of $5.7 million provides principally for the possible addition of some 75,000 persons to the Agency's ration rolls (at least during 1968), the provision of shelter for perhaps 35,000 additional persons and the provision of special hardship assistance to a considerable number of persons already on the Agency's rolls. Other possible cost increases foreseen by the Agency are those of providing health and education services to additional numbers of persons and of higher operating costs arising from the higher costs of living in the occupied areas of the West Bank and the Gaza Strip.

93. In view of the very large increase which the Agency foresees both in the need for its services and in the unit costs of providing services, the problem of financing its budget for 1968 appears likely to be of crucial importance. This question is discussed in greater detail in paragraphs 134 and 137 in the introduction to this report. The budget estimates themselves are discussed in the paragraphs which follow.

B. BUDGET ESTIMATES

GENERAL

94. The following table summarizes the Agency's budget estimates for 1968 and gives comparative data for 1967 and 1966. The estimates are discussed in greater detail in the paragraphs following this table:

95. As shown above, the Agency's budget is basically in three parts representing the three broad types of services which it provides: relief, health and education. Part IV is included to show the type and extent of costs incurred by the Agency applicable in common to its three major operations and allocated thereto on an estimated basis in order to indicate
<table>
<thead>
<tr>
<th></th>
<th>Normal programme</th>
<th>Expanded programme</th>
<th>Total budget 1968 pr</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part I - Relief services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic rations</td>
<td>12,480</td>
<td>1,100</td>
<td>13,580</td>
</tr>
<tr>
<td>Supplementary feeding</td>
<td>1,340</td>
<td>220</td>
<td>1,560</td>
</tr>
<tr>
<td>Shelter</td>
<td>410</td>
<td>1,380</td>
<td>1,790</td>
</tr>
<tr>
<td>Special hardship assistance</td>
<td>480</td>
<td>1,000</td>
<td>1,480</td>
</tr>
<tr>
<td>Share of common costs from part IV</td>
<td>2,990</td>
<td>140</td>
<td>3,130</td>
</tr>
<tr>
<td><strong>Total, part I</strong></td>
<td>17,700</td>
<td>3,840</td>
<td>21,540</td>
</tr>
<tr>
<td><strong>Part II - Health services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical services</td>
<td>3,230</td>
<td>100</td>
<td>3,330</td>
</tr>
<tr>
<td>Environmental sanitation</td>
<td>1,030</td>
<td>110</td>
<td>1,140</td>
</tr>
<tr>
<td>Share of common costs from part IV</td>
<td>930</td>
<td>30</td>
<td>960</td>
</tr>
<tr>
<td><strong>Total, part II</strong></td>
<td>5,250</td>
<td>240</td>
<td>5,490</td>
</tr>
<tr>
<td><strong>Part III - Education services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General education</td>
<td>11,220</td>
<td>470</td>
<td>11,690</td>
</tr>
<tr>
<td>Vocational and professional training</td>
<td>3,200</td>
<td>60</td>
<td>3,260</td>
</tr>
<tr>
<td>Share of common costs from part IV</td>
<td>2,230</td>
<td>70</td>
<td>2,350</td>
</tr>
<tr>
<td><strong>Total, part III</strong></td>
<td>16,700</td>
<td>600</td>
<td>17,300</td>
</tr>
<tr>
<td><strong>Part IV - Common costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply and transport services</td>
<td>3,070</td>
<td>280</td>
<td>3,350</td>
</tr>
<tr>
<td>Other internal services</td>
<td>1,980</td>
<td>40</td>
<td>2,020</td>
</tr>
<tr>
<td>General administration</td>
<td>1,150</td>
<td>-</td>
<td>1,150</td>
</tr>
<tr>
<td><strong>Total, part IV</strong></td>
<td>6,200</td>
<td>240</td>
<td>6,440</td>
</tr>
<tr>
<td>Costs allocated to operations</td>
<td>(6,200)</td>
<td>(240)</td>
<td>(6,440)</td>
</tr>
<tr>
<td><strong>Net, part IV</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Part V - Provision for unit cost increases</strong></td>
<td>500</td>
<td>1,000</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Part VI - Losses and damage due to hostilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and other installations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vehicles and other equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other losses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total, part V</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total, all parts</strong></td>
<td>40,150</td>
<td>5,680</td>
<td>45,830</td>
</tr>
<tr>
<td>Normal (of U.S. dollars)</td>
<td>Expanded programme</td>
<td>1967 estimated expenditure</td>
<td>1966 actual expenditure</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------</td>
<td>---------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>1,294</td>
<td>726</td>
<td>13,020</td>
<td>12,099</td>
</tr>
<tr>
<td>1,287</td>
<td>583</td>
<td>1,870</td>
<td>1,316</td>
</tr>
<tr>
<td>370</td>
<td>485</td>
<td>855</td>
<td>381</td>
</tr>
<tr>
<td>469</td>
<td>300</td>
<td>769</td>
<td>466</td>
</tr>
<tr>
<td>3,086</td>
<td>121</td>
<td>3,207</td>
<td>3,115</td>
</tr>
<tr>
<td>7,506</td>
<td>2,215</td>
<td>19,721</td>
<td>17,337</td>
</tr>
</tbody>
</table>

| 5,116                   | 50                 | 3,226                     | 3,104                  |
| 884                     | 50                 | 934                       | 929                    |
| 976                     | 34                 | 1,010                     | 984                    |
| 5,036                   | 134                | 5,170                     | 5,017                  |

| 6,842                   | 186                | 11,028                    | 9,799                  |
| 3,236                   | 36                 | 3,272                     | 2,926                  |
| 2,404                   | 75                 | 2,479                     | 2,419                  |
| 6,482                   | 297                | 16,779                    | 15,144                 |

| 3,057                   | 150                | 3,207                     | 3,101                  |
| 2,095                   | 40                 | 2,135                     | 2,119                  |
| 1,314                   | 40                 | 1,354                     | 1,298                  |
| 6,466                   | 230                | 6,696                     | 6,518                  |
| 6,466                   | (230)              | (6,696)                   | (6,518)                |
|                         |                    |                           |                        |
|                         |                    |                           |                        |
|                         | 300                | 300                       |                        |

-                        |                    |                           |                        |
-                        | 120                | 120                       |                        |
-                        | 130                | 130                       |                        |
-                        | 510                | 510                       |                        |
-                        | 30                 | 30                        |                        |
-                        | 190                | 190                       |                        |

| 9,024                   | 3,736              | 42,766                    | 37,498                 |
the approximate total cost of each of the three programmes.

96. In addition, however, it has been necessary this year to add
Parts V and VI, the former covering general increases in unit costs
which may be considered anticipated by the Agency (and not already reflected in the individual estimates) and the letter showing the cost to the Agency of replacing losses and repairing damage caused by the June hostilities.

97. A minor change has been introduced in Part III by combining the former headings of "Vocational Education" and "University Education" under the title of "Vocational and Professional Training."

98. In the following paragraphs, in which the various estimates are discussed in greater detail, the distinction made in the budget summary above between the Agency's pre-hostilities programme and the increase in programme requirements expected to arise as a result of the hostilities is maintained for sake of uniformity and clarity. However, for the sake of brevity, the terms "normal programme" and "expanded programme" are used.

**RELIEF SERVICES**

**Basic rations**

<table>
<thead>
<tr>
<th></th>
<th>Normal programme $</th>
<th>Expanded programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimate</td>
<td>12,480,000</td>
<td>1,100,000</td>
<td>13,580,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>12,291,000</td>
<td>726,000</td>
<td>13,020,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>12,059,000</td>
<td>-</td>
<td>12,059,000</td>
</tr>
</tbody>
</table>

99. All costs of purchase and distribution of basic food rations and soap are charged under this heading (excluding, however, costs of warehousing and transport within the UNRWA area, for which see "supply and transport services" in paragraphs 126 and 127 below). The basic ration is briefly described in paragraph 7 of Part I and its composition is described in Table 5.

100. The normal programme provides for issues of rations to up to 86,000 beneficiaries, including approximately 15,000 half-ration
recipients in the frontier villages, both figures being slightly less than in 1967. However, commodity prices are already known to have advanced somewhat, and the increased provision reflects this factor. Commodity prices may well advance further in the coming months and materially increase the necessary provision under this budget heading. 101. The expanded programme provides for the possibility of the Agency's being called upon to issue rations to as many as 75,000 persons who may have lost their means of livelihood as a result of the hostilities. In addition to providing for the purchase cost of rations, the estimate provides for the establishment and operation of the necessary distribution facilities. 102. Many of the Agency's ration distribution centres are old and still improvised from unsuitable premises. Others require structural modifications as well as improvements; some need entire replacement. Nevertheless, no capital expenditure is presently proposed for these works in view of the Agency's general financial difficulties. 

**Supplementary feeding**

<table>
<thead>
<tr>
<th></th>
<th>Normal programme</th>
<th>Expanded programme</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1968 Budget estimate</strong></td>
<td>1,340,000</td>
<td>220,000</td>
<td>1,560,000</td>
</tr>
<tr>
<td><strong>1967 Estimated expenditure</strong></td>
<td>1,287,000</td>
<td>583,000</td>
<td>1,870,000</td>
</tr>
<tr>
<td><strong>1966 Actual expenditure</strong></td>
<td>1,316,000</td>
<td>-</td>
<td>1,316,000</td>
</tr>
</tbody>
</table>

103. The supplementary feeding programme is described in paragraphs 8 to 10 of Part I and in tables 6 and 7. Related costs of warehousing and transport within the UNHWA area are charged to "supply and transport services" (see paragraphs 126 and 127 below). 104. The normal programme provides for the same type of supplementary rations for the various categories of beneficiaries as in 1967, and for only slightly increased numbers of beneficiaries. However, food costs - of both dry commodities and fresh foods - are rising, and provision has
been made to the extent that such increased costs can presently be forecast. As in the case of basic rations, prices may well advance further and materially increase the requirements under this budget heading.

105. During the early part of 1967, a reduction in the availability of milk supplies necessitated the partial reduction of the milk programme, but it is hoped to restore the programme entirely in the latter part of 1967 and to continue it at its normal level during 1968.

106. The expanded programme provides for the continuation through the winter of 1967/1968 of a part of the special supplementary feeding made necessary by the hostilities. It also provides for the probable continued need of providing hot meals to some 3,000 additional children throughout 1968.

107. As with distribution centres, many of the supplementary centres and sub-centres are operated in old and unsuitable buildings, but the only capital expenditure proposed is $4,600 to convert a former clinic building for use in this programme to replace a particularly unsatisfactory feeding centre in one camp.

<table>
<thead>
<tr>
<th></th>
<th>Normal programme $</th>
<th>Expanded programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimate</td>
<td>410,000</td>
<td>1,380,000</td>
<td>1,790,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>370,000</td>
<td>485,000</td>
<td>855,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>381,000</td>
<td>-</td>
<td>381,000</td>
</tr>
</tbody>
</table>

108. The programme under this heading is described in paragraphs 12 and 13 of Part I and in Table 8. It includes provision for the continuing rental of camp sites (most of which are made available by the host Governments as contributions), for the construction and structural maintenance and administrative control of shelters and the construction and maintenance of roads and paths within camps.

109. The normal programme provides for only a relatively modest amount of further shelter and road construction in existing camps, to meet the
most pressing needs ($100,000 for shelters and $25,000 for roads).

110. The expanded programme provision would enable the Agency to pro-
vide semi-permanent housing for a considerable number of persons dis-
placed by the hostilities. At the time this budget is being prepared,
it is not yet possible to foresee how many displaced persons may for one
reason or another not return to their former homes, but it is clearly
possible that this number may be large. The estimate is sufficient to
provide shelters of the normal Agency type for 30,000 - 35,000 persons
should this prove necessary, plus the necessary administrative facilities,
roads and paths (provision for other camp services is made under the
appropriate headings of these estimates).
Special Hardship Assistance

<table>
<thead>
<tr>
<th></th>
<th>Normal Programme $</th>
<th>Expanded Programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimate</td>
<td>480,000</td>
<td>1,000,000</td>
<td>1,480,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>469,000</td>
<td>300,000</td>
<td>769,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>466,000</td>
<td>-</td>
<td>466,000</td>
</tr>
</tbody>
</table>

This budget heading covers all provisions, other than those for food, shelter and health and educational services, for assistance to those refugee families who are demonstrated to be suffering special hardship. It includes the provision and distribution of used clothing, blankets and winter fuel and a certain amount of welfare case work. The programme is more fully described in paragraphs 14 to 16 of Part I.

The normal programme estimate provides only for a minimal programme of assistance, but the expanded programme provides for the possible need to give a much greater amount of special assistance to families displaced from their homes or deprived of such economic resources as they may have had prior to the hostilities.

The normal programme estimate reflects the fact that the Agency’s straitened financial circumstances in 1966 and 1967 required almost a 50% reduction in the amount of used clothing for which it was able to provide the necessary ocean freight, warehousing and internal transport. For the same reason, the former general issue of one blanket per year for each three ration recipients and children was stopped and issues were restricted to persons suffering from special hardship.

Health Services

Medical Services

<table>
<thead>
<tr>
<th></th>
<th>Normal Programme $</th>
<th>Expanded Programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimates</td>
<td>3,290,000</td>
<td>100,000</td>
<td>3,390,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>3,176,000</td>
<td>50,000</td>
<td>3,226,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>3,104,000</td>
<td>-</td>
<td>3,104,000</td>
</tr>
</tbody>
</table>
The programmes of preventive and curative medical services are described in paragraphs 20 to 36 of Part I and in tables 9 to 12. No improvements or other changes in the standards of care are proposed in the normal programme in 1968, and it is hoped to achieve certain operational economies, especially in the consumption of medical supplies and in specialist treatments. Such economies as may be made will, however, be offset by higher unit costs of supplies and of rates for beds for refugees in subsidized hospitals and by normal population increases.

Provision has been made this year for the replacement, long overdue, of seven inadequate and sub-standard clinic premises and a Maternity Centre and for the construction of two Infant Health Sub-centres, in the hope that contributions may be received for these purposes. It is also proposed to construct and equip six clinical laboratories at existing health centres where the cost will be amortized by savings in fees presently paid for these services.

The expanded programme endorses the possible necessity of providing additional medical services for persons for whom it may be necessary to provide shelter (see paragraph 110 above). The estimate therefore provides for the construction, equipment and operation of clinics in three camps, should this prove necessary, and the minor expansion of existing clinics.

**Environmental Sanitation**

<table>
<thead>
<tr>
<th>Normal Programme $</th>
<th>Expanded Programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,030,000</td>
<td>110,000</td>
<td>1,140,000</td>
</tr>
<tr>
<td>884,000</td>
<td>50,000</td>
<td>934,000</td>
</tr>
<tr>
<td>929,000</td>
<td>-</td>
<td>929,000</td>
</tr>
</tbody>
</table>

Paragraph 37 of Part I describes this programme. Recurrent operational costs have been significantly reduced by more efficient techniques, notwithstanding the increase in unit cost of supplies and the growth of the camp population. However, in the normal programme
a number of capital works have now become essential, including the construction of a water reservoir in one camp and the replacement of corroded water pipes; connecting certain large camps to municipal sewage systems; the replacement of a vacuum sewage tanker and the extension of the private family latrine scheme in camps (this latter cost will be amortized by economies in construction and maintenance of public latrines).

The expanded programme estimate provides for construction and operation of environmental sanitation facilities in the camps for the additional persons which it may prove necessary to shelter (see paragraph 110 above).

EDUCATION SERVICES

General education

<table>
<thead>
<tr>
<th>Normal Programme</th>
<th>Expanded Programme</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,220,000</td>
<td>$470,000</td>
<td>$11,690,000</td>
</tr>
<tr>
<td>$10,842,000</td>
<td>$186,000</td>
<td>$11,028,000</td>
</tr>
<tr>
<td>$9,799,000</td>
<td>$-</td>
<td>$9,799,000</td>
</tr>
</tbody>
</table>

The Agency's elementary, preparatory and secondary education programmes are described in detail in paragraphs 43 to 52 of Part I and in tables 13 to 16. Under this budget heading are included also several minor educational activities conducted outside formal school operations, such as youth activities (see paragraphs 53 and 54), women's activities (see paragraph 67) and pre-school play centres (see paragraph 55), the two latter being subject to the receipt of special contributions to fund their costs.

Although standards in Agency schools are not by any means luxurious (in general, conforming with those in Government schools), the necessity to provide ever-increasing numbers of classes with teaching staff, equipment and desks, textbooks and educational supplies, inevitably augments costs.
each year. To this must be added normal increases in staff costs, which are the largest single cost element in education programmes.

121. On the other hand, the provision in the normal programme estimates for 1968 for additional schoolrooms is somewhat less than it might otherwise have been, since the closure of the Development Bank of Jordan in 1967 permitted the release to the Agency of a part of the capital it had invested in that institution, and these funds were allocated entirely to schoolroom construction in 1967.

122. The expanded programme estimate provides for the possibility of the Agency's having to construct and operate additional school facilities for displaced persons (see paragraph 110 on shelter above).

<table>
<thead>
<tr>
<th>Vocational and professional training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Programme</td>
</tr>
<tr>
<td>$</td>
</tr>
<tr>
<td>1968 Budget estimate</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
</tr>
</tbody>
</table>

123. Details of this programme are given in paragraphs 56 to 72 of Part I. To simplify the presentation, university education, which was formerly listed separately, is now included under this budget heading, which thus comprises teacher training, trade and commercial training in residential centres conducted by the Agency as well as in Government and other installations, professional training in universities through the award of UNRWA scholarships and on-the-job training in industry for graduates from the training centres. Several minor training activities are also included, such as adult crafts training in woodworking and sewing and the training of physically handicapped children, together with a placement service for graduates of the Agency's training programme.

124. To a large extent, expenditure has been contained by the training of local counterparts who, at lower cost, have replaced a great many of
the internationally recruited vocational training specialists. Further, better standardization for courses has been possible from actual experience; better use of training centre capacity and concentration by type of course at particular centres have all helped in achieving economies to offset rising costs.

125. Under the expanded programme it has been necessary to make provision for the possibility of the Agency's incurring increased costs for the training of displaced persons.

**COMMON COSTS**

**Supply and transport services**

<table>
<thead>
<tr>
<th></th>
<th>Normal Programme $</th>
<th>Expanded Programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimate</td>
<td>3,070,000</td>
<td>200,000</td>
<td>3,270,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>3,057,000</td>
<td>150,000</td>
<td>3,207,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>3,101,000</td>
<td>-</td>
<td>3,101,000</td>
</tr>
</tbody>
</table>

126. All operations involving procurement of supplies, equipment and commodities, of their control and warehousing and transport of passengers and goods within the UNRWA area, are included under this heading.

127. In the normal programme further savings were envisaged, apart from the necessity of replacing a number of vehicles, but in the expanded programme provision has been made for the transport of a possibly increased number of rations (see paragraph 101 above) and for increased operation if additional numbers of persons have to be sheltered and provided with health and education services (see the related paragraphs above).

**Other internal services**

<table>
<thead>
<tr>
<th></th>
<th>Normal Programme $</th>
<th>Expanded Programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimate</td>
<td>1,980,000</td>
<td>40,000</td>
<td>2,020,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>2,095,000</td>
<td>40,000</td>
<td>2,135,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>2,119,000</td>
<td>-</td>
<td>2,119,000</td>
</tr>
</tbody>
</table>
128. This budget heading comprises all the internal services of the Agency (other than supply and transport treated immediately above), including registration of refugees, personnel administration, internal administrative services, translation, legal, finance, technical (engineering) and data-processing services and the protection of the Agency's installations and property.

129. Significant operating economies have been attained progressively over the last several years and since 1963 and will be again achieved in 1968. Any further major reduction could be made only at the grave risk of endangering the Agency's ability to control its operations.

**General administration**

<table>
<thead>
<tr>
<th></th>
<th>Normal Programme $</th>
<th>Expanded Programme $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968 Budget estimate</td>
<td>1,150,000</td>
<td>-</td>
<td>1,150,000</td>
</tr>
<tr>
<td>1967 Estimated expenditure</td>
<td>1,314,000</td>
<td>40,000</td>
<td>1,354,000</td>
</tr>
<tr>
<td>1966 Actual expenditure</td>
<td>1,298,000</td>
<td>-</td>
<td>1,298,000</td>
</tr>
</tbody>
</table>

130. This budget heading covers all general administration of the Agency's headquarters, field offices and subordinate formations, the maintenance of liaison offices in New York, Geneva and Cairo and the public information services. Significant reductions are expected to be made under this heading in 1968.

**Allocation of common costs**

131. The summary table in paragraph 94 above sets out the allocation of common costs in order to show as accurately as possible the total cost of each of the Agency's three main types of service - relief, health and education. Any allocation of common costs is necessarily subject to a certain degree of judgement and estimation. Although the Agency does not claim to have achieved a precisely accurate allocation of common costs, it believes that the figures presented reflect to a reasonably accurate degree the amount of such costs properly attributable to each of its three operational programmes.
PROVISION FOR UNIT COST INCREASES

132. To the extent possible, foreseen increases in the unit costs of supplies and services to be purchased by the Agency in 1968 have been reflected in the estimates discussed above. However, two very important factors which are, unfortunately, expected to affect the Agency's costs in 1968 are presently very difficult to estimate with any degree of accuracy. These are cost of living influences on the salary scales of the Agency's 12,000 employees in all areas and the effect of currency changes in the Gaza Strip and on the West Bank.

133. The first of these has been provisionally represented by the provision of $500,000, under the "normal programme", while the latter is reflected in the provision of $1,000,000 under the "expanded programme." It must be emphasized that these are provisional estimates, and the possibility is very real that actual cost increases may well greatly exceed these figures.
C. FINANCING THE BUDGET

134. After taking into account estimated normal contributions from non-governmental sources, estimated miscellaneous income and drawdown of working capital to the extent of special contributions received in 1967 to meet emergency costs and not expended in 1967, the Agency estimates that it must receive $41.6 million of contributions from governments if its budget is to be covered. The following table summarizes the problem of financing the budget in 1968; showing both the "normal" programme and the "expanded" programme:

<table>
<thead>
<tr>
<th></th>
<th>Normal Programme</th>
<th>Extended Programme</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(millions of U.S. dollars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget for 1968</td>
<td>40.1</td>
<td>5.7</td>
<td>45.8</td>
</tr>
<tr>
<td>Estimated funds available from:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-governmental contributions</td>
<td>1.0</td>
<td>-</td>
<td>1.0</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>0.5</td>
<td>-</td>
<td>0.5</td>
</tr>
<tr>
<td>Drawdown of working capital</td>
<td>-</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Total</td>
<td>1.5</td>
<td>2.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Balance to be covered by contributions from governments</td>
<td>38.6</td>
<td>3.0</td>
<td>41.6</td>
</tr>
</tbody>
</table>

135. The estimate of $1 million of contributions from non-governmental sources assumes that the level of special contributions for the emergency achieved in 1967 will not be maintained. It is of course quite possible that such pessimism is not justified, but it does not in any event seem prudent for the Agency to assume that a materially increased level of contributions from these sources can be expected, either for the normal programme or for its expanded programme in 1968.

136. Similarly, miscellaneous income at $0.5 is expected to revert to its pre-1967 level, as the sources of extraordinary income in 1967 will no longer be available.

137. Although the Agency's estimated total working capital at $14.2 million at 31 December 1967 will be little, if any, in excess of its normal requirements, some $2.7 million of this in fact represents the unexpended balance of special contributions received in 1967 in respect of the emergency, and the Agency feels compelled to utilize
this balance to meet, in part at least, the continued high level of costs expected in 1968 associated with the emergency. The Agency will in consequence enter 1968 with barely $11.5 million of true working capital. It is therefore vitally necessary, if the Agency is to continue its programmes of assistance to the refugees, that at least $41.5 million be contributed by governments in 1968.
ANNEX II

Legal Aspects of the Work of the Agency

I. General Legal Activities and Problems

1. The nature and scope of the Agency's operations inevitably pose a great number and variety of legal problems. As with any international organization or agency, there are many problems relating to the internal, administrative law of the Agency. The application and interpretation of the Area Staff Rules in relation to the 11,500 or more area staff, with occasional reference to the Joint Appeals Boards provided for in these Rules, is a continuing process. So, too, is the revision of those Rules with a view to improving conditions of employment although, in this matter, the financial difficulties of the Agency impose limitations upon what can be done. With regard to the International Staff Regulations and Rules, a continuing attempt is being made to bring these into conformity with the United Nations "common system". The arrangements made for entry of the Agency's international staff into full participation in the United Nations Joint Staff Pension Fund came into effect on 1 January 1967 and the resulting changes in the International Staff Regulations and Rules also came into effect on that day.

2. The very fact that UNRWA is a substantial importer, purchaser and transporter of supplies, and the occupier of many premises in the various host States means that the Agency is continually concerned with commercial and other private law matters. It is rarely involved in litigation in the host States and even the procedures for arbitration, which are a common and necessary part of its thousands of contracts (necessary in view of its jurisdictional immunity), are rarely used. This is symptomatic of the general good-will which...
exists in its relations in this field. The control mechanisms which operate in the Agency's contracting procedures also call for continuing legal scrutiny of the contracts made and of the use of delegated powers in the Field.

3. As noted in the introduction to the present report, relations with Governments are for the most part satisfactory, but there are a number of problems which are persistent and which hamper the Agency in the execution of its mandate. Some mention of the reasons for the persistence of these problems has been made in that introduction.

4. The status of UNRWA, as a subsidiary organ of the General Assembly, is in general well recognized, even if the full implications of this are not completely accepted. Apart from the United Nations Charter and the Convention on the Privileges and Immunities of the United Nations of 1946, the only other general agreement which, juridically, has effect in the host States is the Bernadotte Agreement of 1948, concluded in almost identical terms with the Lebanon, Syria and Jordan. There are, of course, further agreements, such as those concluded in 1950 with the Egyptian Government, with the Jordan Government in 1951, and in 1954 with the Lebanese Government, but, given that the Bernadotte Agreement is only partially implemented, the question remains whether there is not a need for a standard, basic agreement with host States, appropriate to an operational agency like UNRWA and supplementing the 1946 Convention. Considerable effort was made in 1960 to draft such a basic agreement, although its conclusion was not accomplished then. There would be considerable advantage in renewing this attempt to secure a standard, basic agreement, at an opportune time, if the host States were agreeable. In the paragraphs which follow, some indication will be given of the problems which could usefully be covered in such an agreement.

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5. UNRWA's exemption from direct taxes, customs duties and prohibitions and restrictions on imports has never been fully recognised and this has resulted in payments to host Governments which have materially increased the cost of its operations. It must be conceded that the concepts of "direct taxes" and "charges for public utility services", used in Section 7 of the Convention on Privileges and Immunities of the United Nations, offer scope for genuine difficulties of interpretation. However, the Agency has maintained the position that Section 7 does not permit an interpretation which renders it liable to all forms of "indirect" taxes, for this would offend the basic principle, expressed by Committee IV(2) at San Francisco, that:

"... if there is one certain principle it is that no member State may hinder in any way the working of the Organization or take any measures the effect of which might be to increase its burdens, financial or other". (1)

Moreover, it will readily be apparent that States are free to adopt either direct or indirect modes of taxation for the benefit of the national treasury, so that to leave the Agency liable to "indirect taxation", as defined by the legislation of the host State, could nullify its basic exemption from taxation. Thus, the Agency has had to reiterate that it is not in this matter subject to the definitions or concepts of the particular system of municipal law of any host State.

Similarly, it has had to reiterate that it is not subject, in presenting international claims, to periods of prescription prescribed by the local law. The nature of the Agency's difficulties will be made more apparent in paragraph 10 below in which its pecuniary claims against Governments are outlined, although these claims are by no means entirely dependent upon the interpretation of Section 7 of the Convention.

6. The status of Agency staff is, of course, covered by Article V of the Convention on Privileges and Immunities of the United Nations. For the minority of this staff (some 80 or more persons) who are internationally recruited, there are relatively few problems. Certainly, in the Lebanon, there have been issues such as taxes on apartments and automobiles and on embarkation which have required negotiation, and which still require negotiation, with the Government. At one point a misunderstanding arose with the Syrian Arab Republic over the application of the principle of \textit{persona non grata}, but it is hoped that this has been satisfactorily resolved after the Agency, in conjunction with the Legal Counsel of the United Nations, had explained that this principle had no application to United Nations officials. The more serious issues concern the locally-recruited staff of varying status (i.e. Area and other Staff) who comprise some 11,500 persons, mainly Palestinians. In their private capacity the local employees of UNRWA are, of course, subject to the jurisdiction and authority of the governments of the host countries. The lives they lead and the work they perform are much the same as those of public servants employed by the governments and municipal authorities in the host countries, and it is understandable that government
departments and officials should assume, without perhaps giving the matter much conscious thought, that the Agency's employees must be subject to the overriding control of the local authorities in their public as well as their private capacities. On the other hand, the Agency's insistence that, as United Nations officials, its officers must be accorded the independence and immunity they require in order to enable them to discharge properly their duties as employees of an international organization, has sometimes been misconstrued in the host countries as a claim that they should be accorded some totally privileged status incompatible with the sovereignty of the country in which they are living and working. The Agency does not believe that the privileges and immunities accorded under the 1946 United Nations Convention on Privileges and Immunities are more than the minimum necessary to ensure the independent exercise of the official functions of the officials and much of the opposition to according these privileges and immunities appears to be based upon a misunderstanding of their scope and effect.

7. In practice, UNRWA has encountered occasional attempts to exercise jurisdiction over such staff in relation to their official duties, either in the form of judicial proceedings or in the form of attempts to influence appointments, transfers, disciplinary action or other matters falling within the employer/employee relationship of the Agency and its staff. The degree to which this has occurred is by no means uniform in all Fields, and in many cases the interference has been at lower levels of governmental authority. It is also true that the locally-recruited staff themselves occasionally manifest difficulty in understanding, or demonstrating, those standards of conduct which are required from United Nations
officials; this has been apparent in some measure in relation to political activities and also in a readiness to involve governments in issues, such as employment conditions, which are properly to be regarded as issues between the staff and the Commissioner-General exclusively. The Agency understands that, for a variety of reasons, and not least because no other United Nations Agency employs so high and numerous a proportion of locally-recruited staff, there has been some feeling at governmental level in certain host States that such staff should not enjoy the status of United Nations officials and the privileges and immunities pertaining to that status. As indicated in the preceding paragraph, this feeling possibly overlooks the very limited extent to which these staff in fact enjoy privileges and immunities; in short, they enjoy them only in respect of their official duties. Thus, in final analysis, whether these privileges exist or not is determined by the more basic decision on whether or not the official duties of these staff are to be exercised independently of governmental control (but subject always to the authority and control of the Commissioner-General, who is in turn responsible to the General Assembly).

If the Agency's operations are to be conceived as United Nations operations, then it has always seemed to the Agency that the independence of its staff, including local staff, in the performance of their official duties is an essential condition for those operations; otherwise, control would vest in a single host State rather than in the General Assembly as a whole. At that stage, it would be necessary for the General Assembly to consider...
whether it would/appropriate for the operation to continue as a United Nations operation. However, the Agency is prepared to examine this general question, in conjunction with the Legal Counsel of the United Nations, and to explore with host States ways and means of alleviating the difficulties which may be caused to them by the employment, within their territories, of large numbers of locally-recruited staff. The Agency hopes that, in close cooperation with the host States, these difficulties can be overcome without prejudicing the character of the Agency's operation as a United Nations operation. Indeed, discussions during the period 8-9 August 1967 between representatives of the Agency, the Secretary-General's representative, Mr. C.A. Stavropoulos, Under-Secretary and Legal Counsel, and representatives of the Government of the Syrian Arab Republic ranged over this whole area of problems and resulted in a letter from the Foreign Minister to the Secretary-General dated 9 August. It is believed that this letter, and the particular arrangements agreed in the discussions, will afford a basis upon which these problems can be eliminated for the future within Syria.

It should be added, however, that the Syrian Arab Republic has already enacted a decree of 1 August 1967 which has the effect of excluding all United Nations staff of Syrian nationality from the privileges and immunities of the 1946 Convention, other than the exemption from taxation on salaries; this will affect 100 or more Agency staff. The compatibility of this measure with the Syrian Arab Republic's unqualified acceptance of the 1946 Convention is by no means clear. However, since this measure was not known to the Secretary-General's representative at the time of these discussions, this formed no part of the agreed arrangements.

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8. The Agency has also experienced special difficulties in relation to the movement and disposition of its staff following the hostilities which began on 5 June 1967. Certain nationalities among the internationally-recruited staff have experienced difficulty in securing permission for transit across the territory of the Syrian Arab Republic; there also remains a reluctance, hopefully of a temporary character, to see such staff stationed there. Problems of greater magnitude arise from the fact that many locally-recruited staff found themselves separated either from their homes or from their normal place of duty as a result of the hostilities and the cease-fire lines which came into effect pursuant to the Security Council Resolution 233(1967) of 6 June.

For many of these staff, the rules governing the return of residents of the West Bank, published by the Government of Israel on 10 July, offered an opportunity to return to their homes. However, whereas Jordan hitherto constituted one single Field of UNRWA operations, under a single direction with a unified staff, there now exist virtually two separate areas for operational purposes and regular movement between them is impossible for staff. Movement for locally-recruited staff between their places of duty within the occupied areas and the Agency's Headquarters in Beirut is also impossible. Moreover, apart from the West Bank, no general, agreed plans exist for the return to the occupied areas of Syria and Gaza of locally-recruited staff who fled or who, for other reasons, were out of these areas at the time when hostilities began.

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9. The Agency is aware of the security implications which complete freedom of movement for staff, both international and local, across cease-fire lines would involve. It is, however, apparent that the consequent reorganisation of its operations will involve some redundancy of locally-recruited staff and, paradoxically, some duplication of staff and recruitment of new staff.

II. Claims against Governments

10. UNRWA has a considerable number of pecuniary claims against Governments, some of long standing. The current financial difficulties of the Agency made it imperative for the Agency to renew its efforts to pursue these claims, despite the paucity of success which has marked earlier attempts. Accordingly, work has begun on the re-statement and re-presentation of all the Agency's outstanding claims. The initiation of hostilities on 5 June brought an abrupt end to this work; staff were diverted to other, more immediate tasks and, more important, Governments could not be expected to devote the necessary time and study to such matters when preoccupied with questions of security in the Middle East. Therefore, as will be explained below, only the claims against the Lebanon and the claims against Lebanon, the Syrian Arab Republic and Jordan jointly in respect of the Excess Rail Charges have so far been formally re-presented or re-initiated. It is the Agency's intention to proceed with these in the near future as well as to formally present the other outstanding claims against Jordan, the Syrian Arab Republic and the United Arab Republic.

(2) See Annex H to the Annual Report of the Director for the period 1 July 1958-30 June 1959 (A/4213)
Two points must, however, be emphasised. The first is that the statement of these claims, as presented below, is entirely the Agency's and is in no sense an 'agreed' statement accepted by the Government concerned. The second is that none of these claims yet includes claims in respect of losses or damage to the Agency, its installations, property and staff arising out of the hostilities which began on 5 June 1967. The Agency is presently conducting a comprehensive loss survey and, on the results of this, future claims will be formulated and presented where appropriate. Subject to this, the following are the Agency's claims in outline.

(a) Claims against Lebanon

11. By Note Verbale of 2 May 1967 the Agency has formally submitted to the Ministry of Foreign Affairs its outstanding financial claims against Lebanon which appear susceptible to settlement (but excluding the Excess Rail claim, claims relating to the status of officials or claims relating to rental for camps).

A disturbing feature about these claims is that, as compared with the position in 1962, the position at 31 December 1966 indicates that the Agency has twice the number of claims for approximately twice the amount. It has accordingly laid stress on the need to arrest this disturbing upward trend. In the brief summary of these claims below, the two categories of 'Continuing Claims' and 'Consolidated Claims' correspond respectively to those claims which arise from legislation still being applied against the Agency (and therefore increasing annually in value) and those which arise from legislation applied in the past, but which is no longer applicable to the Agency, so that the final amount of the claim can be stated.

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A. Continuing Claims: Stamp taxes and municipal taxes on insurance policies (LL.281,199); municipal taxes on telephone bills, on internal telephone installations and electricity bills (LL.20,927); Port dues on tonnage unloaded (LL.37,200).

B. Consolidated Claims: Parking fees for UNRWA aircraft (LL.43,020); taxes and customs dues on local purchases of cement and steel bars (LL.83,322); taxes on sale of jute bags and legal costs arising out of the seizure of an Agency vehicle (LL.1,006).

The total amount of the claims recently submitted is thus LL.466,674.

12. The Ministry of Foreign Affairs of Lebanon has indicated its willingness to examine the Agency's claims in the near future, so that the Agency has reason to hope for a comprehensive settlement during the course of the year which can then be reported to the Assembly in next year's report.

(b) Claims against the Syrian Arab Republic

13. As of 31 December 1966 these totalled 272,780 Syrian pounds. For the most part these claims relate to customs duties and taxes on fuel and petroleum products which are no longer levied upon the Agency, so that the amounts of the claims under these particular heads are not subject to augmentation year by year. There are, however, two claims - the 'continuing' as opposed to 'consolidated' claims - which arise from legislation which is still being applied against the Agency. The claims can be summarised as follows:
A. Continuing Claims: School and defence taxes on water and electricity bills (LS.19,416); Porterage "fees" for inspection of Agency goods on trucks entering the Damascus Customs Zone (LS.10,802).

B. Consolidated Claims: Customs duties on fuel and petroleum products between 1949 and 1959 (LS.87,600); emergency taxes on benzine and gasoil, levied in 1958 (LS.20,047); finance, municipal and schools taxes on fuel between 1949 and 1953 (LS.112,731); cement taxes levied prior to 1961 (LS.22,134).

14. The latter category of claims raises a specific difficulty in that the Syrian Arab Republic has not so far accepted the Agency's contention that it is not subject to the prescription rules of Syrian law: the point is important in that under these rules some of these claims would be "statute-barred". There is a further difficulty in that much of the documentation showing that Agency purchases of fuel were subject to customs duties appears to have been lost and, since the petroleum companies have now all been nationalised in Syria, there is not the same ease of access to their records. Another difficulty has arisen from the contention by the Syrian Arab Republic that exemption from taxes could be claimed only from August 1953, the date on which the Republic gave internal effect, by law, to the Convention on Privileges and Immunities of the United Nations of 1946; the Agency does not accept this contention.
15. It should be added that, in a letter from the Foreign Minister dated 9 August 1967 addressed to the Secretary-General, the Ministry of Foreign Affairs has undertaken to help in finding a speedy solution to these outstanding claims. On this basis, the Agency intends to re-submit all the above claims within the next month and hopes to be in a position to report on a comprehensive settlement in next year's report to the Assembly.

(c) Claims against Jordan

16. The Agency does not appear to be subject to any current legislation which involves the payment of duties or taxes which could form the subject of a continuing claim. The only 'continuing' claim is the Excess Rail Claim, dealt with below. Thus, the following claims are all 'consolidated' and the amounts are final amounts:

Losses and damage arising out of riots in 1955/1956 (JD.17,793); damage to the Agency resulting from the diversion of the Ramallah Road (JD.1,639); claim for the cost of electricity consumed by the Arab Legion but charged to the Agency (JD.1,336).

The Agency proposes, in due course, to formally re-present these claims and to attempt to negotiate a settlement with the Jordan Government.

(d) Claims against the United Arab Republic

17. The Agency has only two major claims against the United Arab Republic, both of which relate to the question of the Government's obligation to ensure the safety of Agency installations in the Gaza Strip.
The first is a claim for $68,993 arising from
damage to Agency property in the course of riots
in 1955; and the second is a claim for $1970, arising
from similar causes in 1962. Both claims have been
rejected by the Government of the United Arab Republic
on the ground that the damage was not due to a lack
of adequate precautions by the Government.
In regard to the 1955 claim, the Government further
maintained that the cause of the riots and therefore
of the ensuing damage lay in military action by
Israel. The Agency has never accepted the rejection
of its claims.

(e) The Claim against Lebanon, Jordan and Syria
Jointly in respect of Excess Rail Charges

18. The Excess Rail Claim arises out of the fact
that by two agreements between Lebanon and Syria
on the one hand and Syria and Jordan on the other,
dated 27 June and 5 September 1950 respectively,
the three Governments adopted a common policy on
restricting UNRWA's freedom to choose the most
economical means of transporting supplies to the
refugees in Jordan. In effect, UNRWA was compelled,
despite its protests, to transport the bulk of these
supplies by rail. The three Governments recognised
in the 1950 Agreements (to which UNRWA was not a party)
that rail costs were then higher than road costs,
since they embodied in those agreements an understanding
to reduce rail costs to the level of road costs.
But this reduction was not achieved for many years
(and is still not achieved in some sectors) so that
over the past sixteen years UNRWA had paid approximately
US $1½ million in excess transportation costs.
19. The Agency has no doubt that it is entitled to recover these excess costs from the three Governments who, by their joint and concerted action, have caused them. The fundamental principle common to all United Nations operations is that particular Member States may not, by taxation or other restriction, divert United Nations funds from their intended purpose (in the present case the relief of the refugees) into their own hands or other hands (in this case into the hands of national railway companies). It is this fundamental principle which is reflected in the United Nations Charter, in the United Nations Convention on Privileges and Immunities of 1946, and also in the Bernadotte Agreement of 21 September 1948, signed by the U.N. Mediator and all three Governments. This last Agreement in fact imposed on the three Governments an obligation to provide "free" transport by rail and road for all supplies to refugees; in practice UNRWA was not only not given free transport but was prevented from using the most economical means of transport available to it at its own cost.

20. The Agency has, at intervals from 1951 onwards, presented claims to the three Governments concerned on an individual basis. Not least of its difficulties was that there existed no agreed criteria according to which the whole claim might be apportioned between the three Governments. Accordingly, and having raised this matter with the Advisory Commission in February 1967, the Agency communicated with all three Governments by identical Notes Verbales dated 15 March 1967, proposing a joint meeting between representatives of the Agency...
and all three Governments. It was made explicit in this Note that the Agency was prepared to accept whatever method of apportionment between the three Governments was agreed between them. Attempts to convene such a joint meeting did not succeed, with only Lebanon indicating its willingness to meet on the dates proposed (and this subject to the agreement of the other two Governments). However, the Agency intends, in the near future, to make further proposals for a joint meeting and will report to the Assembly on the extent to which this very considerable claim has proved susceptible to amicable settlement.