

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION COMMUNICATION TO THE COUNCIL

on aid from the European Community to UNRWA

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SUMMARY

The purpose of this Commission communication to the Council is to propose, under the three-year Convention (1981-83) concluded with UNRWA, a reduction in the food aid allocated to that Agency and the provision of a corresponding amount in financial aid to help cover the costs of its education programme.

INTRODUCTION

In this communication, the Commission proposes that the Council change the emphasis of the Community aid given to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA)⁽¹⁾ under the three-year Convention (1981-83) concluded between the EEC and the Agency.

To that end, and in accordance with the request from UNRWA, it is proposed for 1982 to reduce food aid which's intended mainly for the basic rations programme, and to provide financial aid for UNRWA's education programme in the Middle East.

This change of emphasis would do more to meet the needs of the vast majority of the refugees and would reflect the priority status which the Agency attaches to its education system. It would also help to reduce UNRWA's financial difficulties, which are threatening the continuation of its activities.

I. UNRWA'S FINANCIAL SITUATION AND ITS PROPOSAL TO CONVERT THE EEC'S FOOD AID.

A. UNRWA's situation

UNRWA's mandate has been extended until June 1984 and the Agency must therefore provide 1,900,000 Palestinian refugees with education, assistance and health services until that date.

(1) O.J. L 392 of 31.12.1981.

However, the Agency, whose financing system is mainly based on voluntary contributions, is in danger, as a result of its chronic budget deficit⁽¹⁾, of having to terminate not merely its ancillary activities but also that part of its work that is deemed by the refugees and the Agency itself to have the highest priority, namely the education of 339.000 children of Palestinian refugees.

UNRWA's schools were already under threat in 1980 and this year again US \$ 20 mio has to be found very soon if the closure of 643 elementary and preparatory schools and the dismissal of some 9.800 Palestinian teachers is to be avoided.

In these circumstances, UNRWA has been urging the Community for two years now to bear a proportion of the costs of the education programme⁽²⁾, either directly -as was done in 1974⁽³⁾- or by enabling the Agency to sell the food aid and use the counterpart funds thus obtained for its education programme.

For various reasons, it has not been possible to give a favourable response to the UNRWA, particularly as regards the sale of products.

B. UNRWA's proposal

Since the three-year Convention covers 1982, quantities of products have been earmarked in the year's food aid programmes.

The food aid earmarked for 1982⁽⁴⁾ is worth approximately 26,28 mio ECU at world prices⁽⁵⁾ and will make it possible to distribute monthly rations of flour, butteroil and sugar⁽⁶⁾ to 824.000 refugees and feed approximately 35.000 children under a supplementary programme financed entirely by the Community (cost estimated at 6,44 mio ECU (world prices) and 7,76 mio ECU (internal prices)).

(1) Budget envisaged for 1982 :	<u>expenditure</u>	: US \$ 250, 3 mio
	<u>revenue</u>	: US \$ 186, 6 mio
	<u>deficit</u>	: US \$ 63, 7 mio

(2) Request presented in 1980.

(3) Exceptional financial aid of US \$ 8,8 mio was allocated to the education programme.

(4) This food aid is included in the Convention signed between the EEC and UNRWA for the period 1981-83.

(5) 39,80 mio ECU at internal prices.

(6) Cost estimated at 19,84 mio ECU (world prices) and 32,04 mio ECU (internal prices).

UNRWA has indicated that the education programme has priority and that as a result it would be possible to drop part of the food aid if the Community could replace that aid with an equivalent cash contribution. The present food aid programme is not considered to be superfluous but only of lesser priority given the Agency's financial difficulties. UNRWA is therefore requesting that this form of aid be continued on the basis of the following arrangements :

- a programme for the distribution of rations to categories in particular need (widows, orphans, the elderly, the handicapped and the sick, approx. 60.000 to 70.000 persons) at an estimated cost of 3 mio ECU at world prices;
- a programme of food support for boarding students following vocational training courses (4.200 persons) at an estimated cost of some 350.000 ECU;
- the maintenance of the supplementary feeding programme, which would be stepped up to take in (children up to the age of eight and not six as at present) at an estimated cost of some 6,3 mio ECU.

Since the other programmes are considered to be less essential than the education programme, it would be possible to free from the total aid envisaged by the Community a residual contribution of some 16,5 mio ECU at world prices⁽¹⁾, which would represent the EEC's financial contribution to the education programme.

This programme accounts for 57 % of UNRWA's total budget (i.e. US \$ 143,3 mio) out of a general budget of US \$ 250,3 mio. It also represents 50 % of UNRWA's deficit (i.e. US \$ 33,1 mio). Accordingly, contributions amounting to US \$ 20 mio must be announced before the end of April if UNRWA is to avoid the dismissal of 9.800 teachers and the closure of the schools at the end of the school year in May / June, thereby depriving some 339.000 pupils of education facilities.

(1) It should be noted that any "conversion" of food aid could only take place on the basis of world prices, which alone reflect the benefit which the Agency derives from the food aid. However, UNRWA wishes to convert on the basis of internal prices, which would double the amount of financial aid to be allocated to the education programme.

II. POSSIBLE COMMUNITY ACTION

Faced with this request to redirect the Community food aid towards the categories in the greatest need -which corresponds to a recognized principle- and to help meet a need considered by the recipients to have priority, namely education, the Community could respond favourable subject to two requirements :

- that the impact of the food aid be improved;
- that the overall amount of aid to UNRWA should remain exactly the same.

A. Improving the impact of the food aid

1. This concentration of food aid would probably make it possible to restrict the supply of products to the population groups in the most urgent need. Furthermore, the aid could be incorporated in projects : the implementary feeding programme could be brought under the health services umbrella since it involves nutritional support, while the programme of food support for boarding students in vocational training centres would be linked to the education programme.

2. Furthermore, it would be possible to respond to UNRWA's request for the supply of a wider range of products⁽¹⁾, the cost of which would be counted against the appropriation in item 9240 of the 1982 budget.

The total food assistance which could be maintained under the 1981-1983 three year Convention would amount to some 10 mio ECU.

(1) 439 T. of preserved meat, 360 T. of tomato concentrate, 328 T. of cracked wheat, 75 T. of legumes for an amount of about 1.05 M ECU (credit available 5 M ECU).

B. Keep the overall amount of aid to U.N.R.W.A. exactly the same

In view of the Community's commitments to the Agency (three-year convention), the Agency's difficult financial situation and its special role in the Middle East, there can be little question of reducing the total amount of aid which the Community allocates to this body.

The Community should therefore give a favourable response to the UNRWA request that it participate in the financing of the education programme to the tune of 16 million ECU (1) in both 1982 and 1983.

The Community's financial participation in the education programme could take the following forms :

- the financing of part of UNRWA's wagebill for its teaching staff in Jordan (total cost US \$ 29.4 million);
- or the financing of part of the expenditure relating to the primary cycle of UNRWA's general education programme in all geographical areas within its purview (total cost US \$ 32.1 million).

If the Council were able to give its agreement to such an approach, the Commission would present the relevant budget proposals at the appropriate time. At the same time, it would propose to the Council any changes in the regulations that might be necessary and the changes to be made in the three-year convention (1981-1983).

IN CONCLUSION

The Commission proposes that the Council give a favourable response to UNRWA's request that the Community provide the Agency with less food aid while broadening the range of products supplied and participate to the tune of 16 million ECU in the financing of the education programme implemented by UNRWA in both 1982 and 1983 under the EEC-UNRWA three-year convention.

(1) Value of food aid at present : 26 million ECU at world price;
value of reduced food aid : 10 million ECU.

VALUE OF THE PROPOSED FOOD AID TO UNRWA FOR 1982

	<u>World prices</u>	<u>Internal prices</u>
(in million ECU)		
<u>Basic rations programme</u>		
(1)		
<u>Value of products</u>		
Cereals : 37.802 t (175 - 258)	6,61	9,75
Milk : 196 t (1.098 - 1.629)	0,21	0,32
Butteroil : 3.735 t (2.480 - 4.473)	9,26	16,71
Sugar : 6.000 t (400 - 650)	2,40	3,90
Total value of products :	18,48	30,68
<u>Contribution towards transport</u> : 36,4 x 37.524 t :	1,36	1,36
Total value of the basic rations programme :	19,84	32,04
<u>Supplementary feeding programme</u>		
<u>Value of products</u>		
Cereals : 3.750 t { 175 - 258 220 x { 377 } 527 }	0,66	0,97
Milk : 1.165 t (1.098 - 1.629)	1,28	1,90
Butteroil : 185 t (2.480 - 4.473)	0,46	0,83
Sugar : 97 t (400 - 650)	0,04	0,06
	2,44	3,76
Financial contribution : US \$ 4.808.000 (:US \$: 1 ECU)±	4,00	± 4,00
Total value of the supplementary feeding programme :	6,44	7,76
Planned total cost :	26,23	39,80
Estimated total value of UNRWA's reduced request :	- 9,66	- 12,13
Theoretical possible saving :	16,62	27,66

(1) On the basis of the hypothesis retained for the 1982 budget.

REDUCED REQUEST FOR FOOD AID FOR 1982

	<u>Quantities</u>	<u>Value</u>	
		<u>W P</u>	<u>I P</u>
<u>Supplementary programme</u>		(1)	
<u>Products</u>			
Milk :	1.165 t)	1,28	1,90
Butteroil :	185 t) 1.447 t	0,46	0,83
Sugar :	97 t)	0,04	0,06
		<u>1,78</u>	<u>2,79</u>
<u>Cases of need</u>			
<u>Products</u>			
Milk :	582 t)	0,64	0,95
Butteroil :	437 t) 2.579 t	1,08	1,95
Sugar :	582 t)	0,23	0,38
Other products :	978 t)	1,05	1,05
		<u>3,00</u>	<u>4,33</u>
<u>Vocational training</u>			
<u>Products</u>			
Milk :	48 t)	0,05	0,08
Butteroil :	40 t) 316 t	0,09	0,18
Sugar :	58 t)	0,02	0,04
Other products :	170 t)	0,25	0,25
		<u>0,41</u>	<u>0,55</u>
Total value products :		5,19	7,67
Cash contribution - supplementary programme (1 ECU : § 1.1) :		4,37	4,37
Cash transport (§ 40) (§ 1.1.: 1 ECU) :		0,10	0,10
TOTAL :		<u>9,66</u>	<u>12,14</u>

(1) On the basis of the hypothesis retained for the 1982 budget.

COMPARATIVE COSTS OF THE SCHEDULED AND REDUCED FOOD AID TO UNRWA.

	PROPOSED FOOD AID			REDUCED FOOD AID		
	Quantities	Value		Quantities	Value	
		W P	I P		W P	I P
CEREALS	42.000 t	7,27	10,72	-	-	-
MILK	1.360 t	1,49	2,22	1.795 t	1,97	2,93
BUTTEROIL	3.920 t	9,72	17,54	662 t	1,63	2,96
SUGAR	6.097 t	2,44	3,96	737 t	0,29	0,48
CASH	-	± 4,00	± 4,00	-	± 4,37	± 4,37
FLAT RATE CONTRIBUTION- TRANSPORT	-	1,36	1,36	-	0,10	0,10
OTHER PRODUCTS	-	-	-	1.148 t	1,30	1,30
TOTAL		26,28	39,80		9,66	12,14

THE UNRWA EDUCATIVE SYSTEM

1. FIGURES (1) FOR 1981

	Number of schools	Number of teachers	Refugee pupils in elementary classes	Refugee pupils in preparatory classes	Refugee pupils government and private	Total refugee pupils
Jordan	204	3.692	95.599	34.575	28.037	158.211
West Bank	99	1.243	27.920	10.011	26.278	64.209
Gaza	137	2.078	55.035	18.839	15.700	89.574
Lebanon	85	1.260	24.815	9.274	7.558	41.647
Syria	110	1.401	32.455	12.701	12.399	57.555
Total	635	9.674	235.824	85.400	89.972	411.196

2. BUDGET COSTS (1982 forecast) (in US \$ million)

I. General education :	
- elementary primary	: 64,6
- upper primary	: 40,6
- other activities	: 9,7
II. Vocational and technical training	: 14,8
III. Common expenditure	: 13,6
Total budget for the education programme	: <u>143,3</u>

(1) To these figures must be added 3.666 students at vocational and technical training centres and 365 holders of schoolships for higher studies.