FINANCING OF THE I.C.R.C.

Report
of the International Committee of the Red Cross
(under Item XI of the Agenda of the General Commission)

Geneva, June, 1948
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The funds of the ICRC have, up to the present, come for the most part from the voluntary contributions of the National Red Cross Societies and Governments, from donations, legacies, various payments and income from invested capital funds and endowments which are small. (1)

In the period between 1919 and 1938, the system of voluntary contributions had already proved to be entirely inadequate. On several occasions recommendations had been made at the International Red Cross Conferences held during this time that the ICRC should be given proper financial support. These recommendations had only partial response, however, and the contributions received by the Committee during this period were never sufficient to cover its very low running costs.

The annual budgets of the Committee for the years 1919 to 1938 show an excess of expenditure over income amounting to over 500,000 francs. The annual deficits which make up this total had to be met from the Committee’s own funds which, on January 1, 1939, only amounted to about 200,000 francs.

During the Sixteenth International Conference of 1938, the President of the International Committee and the Chairman of the Board of Governors of the League were asked to have the question and the needs of both international Red Cross organizations studied from every aspect, and to suggest procedure for collecting sufficient funds to cover their requirements. The problem was examined by their representatives: they arrived at the conclusion that any plan for a single budget common to both the International Committee and the League and for a joint reserve would not be advisable.

Their findings were the subject of a joint circular letter (No 27) of the League and the Committee, dated May 22, 1939.

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(1) For information it should be noted that the total of donations and subscriptions made to the ICRC and placed to its "War Work" account from September 1939 to end of 1947 reached the sum of 51 million Swiss francs of which Switzerland (Confederation, the Red Cross, private institutions, commercial concerns and the public) contributed 44 per cent.
In an annex to this letter, the Committee expressed the hope that National Societies would look into the possibility of increasing their annual subscriptions and, referring to Recommendation No VI of the Sixteenth International Conference, added that if they were themselves unable to assume these extra charges, they could perhaps approach their Governments with a view to obtaining a subsidy for the purpose.

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At the outbreak of hostilities, the Committee had to meet the extraordinary costs of its war organization from its own resources which, as stated, were indeed very small. The Swiss Government, however, came to the help of the Committee and made over to it a grant of 200,000 Swiss francs. The Committee was also able, fortunately; to secure the assistance of a number of voluntary workers who, aware of the position, were willing to give their services without remuneration, thus easing to some degree the strain on funds.

Later the International Committee obtained the financial support necessary for its work. At the end of the war, however, its resources shrunk seriously, whereas its extensive activities connected with the war slowly began to decline only in 1946. The Committee was then only able to continue its work thanks to a loan granted by the Swiss Federal Government. In its anxiety to adjust its financial situation, the Committee sent a circular letter to Governments and National Societies in June 1946.

The National Societies represented at the Preliminary Conference in Geneva, July - August 1946, recognized the gravity of the situation and unanimously voted an extraordinary contribution of fifteen million francs to the Committee, to allow it to continue its work and wipe out its deficit. The first instalment of ten millions due by the end of 1947 was only partially paid up. To date, only one third of the Societies have made their contributions, in whole or in part, and in some cases it has been at the cost of great effort. The Committee wishes to express once more its gratitude to the contributors.

It is not necessary to enlarge on the subject of the financial position of the Committee at the present day, since it has been fully dealt with in a chapter of the Report on the activities of the Committee during the Second World War (Vol, I) (1). It is, however, considered advisable to give a brief summary here of the

(1) Refer also to the supplementary Report of the ICRC on its activities from July 1, 1947 to June 30, 1948.
problem and to stress how urgent it is that no time be lost in making a study of the means whereby the Committee may in future rest on a sounder financial basis and have a wider margin than in the past.

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The Committee has made a study of the means to this end and here submits its conclusions in the present report for the consideration of the National Societies and Governments.

One solution of the financial problem would be found if the Committee were in receipt of income from capital funds allocated for this particular purpose and on the lines of the endowment fund created in 1931 as a separate Foundation. (1) The Committee may draw only the income from this endowment fund, which has appreciated but slightly in value. The contributions of Governments and National Societies to this Fund have been few up to the present, despite the recommendations of the International Red Cross Conferences. The capital value of the endowments to-day is not more than one million Swiss francs, yielding an annual income of about 30,000 francs.

Experience has shown that the Committee must have in its hands sufficient resources to defray current expenses of administration, as well as appreciable funds available for financing urgent and unforeseen calls on its good offices, or for missions that may become necessary at any moment. Further, it should have sufficient funds ready to meet the initial expenses of the Central Prisoners of War Agency, should circumstances require it to be re-opened.

It is likely that the solution above-mentioned, which would require a very large endowment capital, would come up against great difficulties. It is probable then, that the question would be more easily solved by means of annual subscriptions. It rests with the International Conference at Stockholm to decide if the principle of obligatory subventions to the International Committee should be adopted, as for all other bodies within the International Red Cross. Should this principle be accepted, it would be well that when the next revision of the Statutes of the International Red Cross comes to be made, a clause should be inserted having reference to financial contributions, as no mention of this kind is to be found in the present text.

The system of annual contributions should clearly provide for an equitable allocation of dues. With this in mind, the Committee

(1) Refer to the Council's Report on the Foundation to the XVIIth International Red Cross Conference.
suggests the adoption of a "national share" scale, to determine the amounts of the contributions due to the Committee on the basis of its annual budgets. The International Conference would instruct a Commission to prepare the scale, and to inform proper quarters within the Diplomatic Conference on the nature of the problem as it touches the various Governments.

The Committee has great hope that the Governments will agree to the method of joint contribution, and that they will take substantial share in the payment of these annual grants to the Committee. The latter is fully aware of the difficulties which National Societies will incur in raising their share of the allocation. It is, however, convinced that with the energy and resource they can summon for such a purpose (percentage of their funds, public appeals, special postage stamp issues or surcharges, sale of badges, concerts, charitable entertainments, competitions of all descriptions, Red Cross days, etc.), they should be in a position duly to meet their obligations.

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Before ending this report, we wish to recall a resolution adopted by the Special Commission convened in Paris, on May 19-20, 1947, to study the means of giving additional strength to the work of the ICRC and of extending its usefulness.

"The Commission,

"in view of the fact that the activités of the International Committee in time of war are in the service of the nationals of the various countries at war, and that the National Red Cross Societies already have very heavy commitments,

"considers that it falls to Governments to make such contributions to the International Committee in time of peace as will assure to it the financial resources required for its work,

"and that the principle of a scale of contributions should be embodied in the Conventions".

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The Committee hopes that the proposals which may be put forward by the National Societies and Governments, and the suggestions contained in this report, will enable the Stockholm Conference to find and to adopt, in a spirit of understanding and co-operation, the answer which this important question demands.