



Geneva Conference 7-8 June 2004:

**Meeting the Humanitarian Needs of the
Palestine Refugees in the Near East:
Building Partnerships in Support of UNRWA**

Working Group IV

**“Conditions for the Successful Management and Mobilisation
of Resources on behalf of Palestine Refugees”**

Discussion Paper

**Chair: The European Commission
Vice-Chair: Norway
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14 May 2004

CORRECTED VERSION

Conditions for the Successful Management and Mobilisation of Resources on behalf of Palestine Refugees

I. Executive Summary

For more than half a century UNRWA's services have represented the embodiment of the international community's concern for Palestine refugees, pending a long-awaited, just and lasting political solution to the Palestine refugee problem.

Established as a temporary, *ad hoc* body of the United Nations, UNRWA's mandate has been renewed continuously in the absence of political solution. It has implemented its mandate through successive periods of political turbulence, wars and population upheavals, with claims to pioneering achievements most notably in health and education. The beneficiaries of UNRWA services include some of the most marginalised within the region.

Over the years, regular funding levels per registered refugee have fallen, as a result principally of demographic growth in the registered refugee population. The strain on services and deterioration of infrastructure threaten the achievements and assets developed over time, and might affect the quality of outcomes anticipated from regular programmes.

Key services delivered by UNRWA on behalf of the international community to Palestine refugees, including education, health, shelter and welfare provisions, are analogous with services provided by state sectors rather than those of the non-governmental sector. This leads to constraints on UNRWA's management of resources, in terms of delivering what are perceived by many as entitlements, and the expectations both of refugees and of host governments. Unlike states however, UNRWA neither governs the communities it serves, nor is it able to rely on predictable resources, such as taxes or service-delivery charges, to meet the expectations placed on it. UNRWA is financially dependent on external donors.

In the West Bank and Gaza Strip, where UNRWA is the second largest provider of education and health services after government, a protracted humanitarian crisis resulting from the conflict that erupted in 2000 has exacerbated the stress on UNRWA services and infrastructure, resulting in additional needs which UNRWA has launched a series of emergency appeals to meet. Recent emergency appeals have been substantially underfunded. UNRWA is the lead UN agency for the coordination of humanitarian operations, and extended some emergency assistance to non-refugee communities. Climbing poverty levels and widespread unemployment have led greater numbers of refugees to turn to UNRWA for assistance. Shelter and infrastructure have been destroyed. Major problems of movement and access affect refugees and UNRWA personnel alike. These increase the challenge of maintaining basic services, before taking into account the costs of specific emergency operations such as food distribution, and newer programmes such as psychosocial support.

Although UNRWA is mandated by the member states of the UN General Assembly as a whole, the greatest part of UNRWA's income is provided by voluntary contributions from a limited range of donors. Five donors alone provide close to three-quarters of the income to UNRWA's General Fund, on which its regular services are based. Resource mobilisation objectives include seeking an expansion of UNRWA's donor base among the nations mandating it.

UNRWA's policy, under current financial pressure, to channel the maximum of available resources into implementing and maintaining existing basic services is mirrored by the light level of resourcing for strategic planning, research and policy analysis capacities, relative to the size of the Agency and the complexity of its operations.

UNRWA's planning on service-delivery reflects its focus on the implementing service departments, with branches in the different Fields reporting centrally. Needs are assessed largely from within the framework of existing activities, whereas actual usage of UNRWA services fluctuates, according to movements of registered refugees, their varying needs over time, the availability of alternatives and choices exercised by refugees in the three host countries and two territories in which UNRWA operates. Donor planning of aid delivery increasingly requires as well an analysis of the changing needs of beneficiary populations in their community contexts. UNRWA is encouraged to develop planning on the latter basis.

The purpose of any change should be to strengthen UNRWA's ability to identify and respond to local priorities and the needs of the most vulnerable, in a participatory way, and examine whether or in what ways better methods exist for delivering entitlements. Improvement of planning methodology and its harmonisation with that of donors should enhance communication between UNRWA and donors and enhance the potential for donors to make multi-year commitments.

This would require a greater investment of human resources by UNRWA and financial resources by the donor community in the Agency's planning and management capacities, and must take place over time. Such investment is not a luxury, rather a condition for the successful management and development of programmes. While refugee entitlements in health and education are common across its five Fields, these are already delivered differently according to local standards, economies, and the opportunities available. Pending eventual system changes and a strengthening of UNRWA capacities, existing services and resources must not be undermined.

UNRWA reports both to donors and to the UN system. UNRWA's planning, budgetary and reporting systems are already in transition, according to changing UN norms and requirements. Such requirements are aiming at reducing administrative burden and transaction costs both for UNRWA and the donor community.

Donor/recipient partnerships should be encouraged in line with the best-practice recommendations on "good donorship" of the Development Assistance Committee (DAC)

of the Organisation of Economic Co-operation and Development (OECD). Such arrangements could include delegated bilateral cooperation agreements led by interested donors, contributing to harmonised reporting requirements, and possible multi-year funding indications by donors.

An anomalous consequence of UNRWA's historic status as an *ad hoc* body, answerable directly to the UN General Assembly, is the absence of an Executive Board as may be found in the case of a *treaty-based* organisation, to provide closer management support and a channel for donor input into UNRWA priorities. In its absence, the role and membership of UNRWA's Advisory Commission could be updated to reflect the contemporary circumstances and expectations of UNRWA's donor base. Either change however would be contingent on decisions reached by the UN General Assembly. Similarly the mechanisms for the Agency's regular interaction with its donors should be strengthened.

Pending review of comprehensive options by a working group of concerned stakeholders that is to be established, an advantage for UNRWA in developing a strategic planning framework with the assistance and support of interested donors is that it would offer a mechanism for UNRWA to resolve concerns regarding key stakeholder inputs, including refugee, host authority and donor considerations. Such a framework would improve understanding of UNRWA's analysis, planning, prioritisation and reporting, and facilitate the work of donors in monitoring and evaluating bilateral support to UNRWA. Furthermore, this would help in substantiating the identified needs more successfully to their constituencies. If matched by good donorship practice, including clear, forward funding indications, UNRWA's capacity to manage resources more effectively would be enhanced, demonstrating a renewed commitment by both UNRWA and its donors to Palestine refugees.

II. Methodology

Members of the Working Group included representatives of the European Commission (Chair), Norway (Vice-Chair), the Netherlands (Secretary), Australia, Canada, Denmark, Jordan, Switzerland and the USA. The group met together with UNRWA for formal and informal consultations in Amman and Jerusalem.

Contributions in the form of papers for discussion of the four sub-themes were made by the Working Group members and covered the four following subjects: Programming UNRWA's Activities in an Evolving Environment; Management Structure and Procedures; the Specific Situation of the West Bank and Gaza Strip; Innovative Resource Mobilisation Strategies. Further contributions were made by an EC consultant with Middle East relief and development experience, based on analysis of research documents (notably those of FAFO), other secondary materials including UNRWA programme papers, and consultations with UNRWA management. These contributions were debated, condensed and amalgamated in the present document.

The drafting group elaborating and consolidating recommendations comprised the European Commission, Norwegian and Swiss representatives to the Working Group, the

Director of UNRWA External Relations, the Chief of UNRWA's Policy Analysis Unit and the EC consultant. Comments received from other Working Group members were taken into account while drafting the recommendations made in this paper.

III. Issues at Stake

Established in 1949, as a temporary, *ad hoc* body of the United Nations, pending a political solution to the Palestine refugee problem, UNRWA has seen its mandate renewed tri-annually for over 50 years.

In order to serve Palestine refugees, the Agency has built up education, health, relief and social services to Palestine refugees, closely analogous to those provided by governments to their citizens. Due to demographic growth, these services have increased significantly in size over the years, but, at the same time, the refugee environment and the refugees' needs have considerably evolved: a number of refugees now participate in the socio-economic life of their host country, have access to host governments services and may not need the same services from UNRWA as they did in the past. Refugee priorities also have changed.

UNRWA is a non-political Agency, which, however, works in a politicised context. Failures to maintain its current service level, or pressure to share responsibilities with alternative providers, may be prone to political interpretation, such as pre-emption by the international community of a political solution. This should not however preclude approaching the problem from an operational point of view and reflecting on the best ways, in the current evolving environment, to provide services to Palestine refugees and optimize cost efficiency.

Basic refugee entitlements are essentially similar in all fields of UNRWA's operations; they must however be delivered differently, according to the context in each Field (Jordan, Syria, Lebanon, West Bank and Gaza). The dire and war-like situation that currently prevails in the West Bank and Gaza poses a most difficult challenge and must be examined in detail: avoiding discrimination between refugees and non-refugees, overcoming access difficulties and devising the best way (through Emergency Appeals or otherwise) to cover the emergency/rehabilitation/longer term needs that result from the on-going conflict appear to be the main issues.

Although the "temporary character" of the Agency may explain the absence of an Executive Committee or other governing body, the continued financial support that is requested from donors calls for an enhanced partnership between UNRWA and its donors, so as to more closely involve donors in the definition of programs and priorities and review of assessed needs. Programmes are bound to vary with time, and so are staff requirements, in terms of numbers, qualifications and training. In a period of relative scarcity of ODA funds, a better substantiation of the Agency's stated needs also appears to be in the interest of the Agency.

The solution of the above mentioned issues should assist in finding ways to overcome the under-funding that UNRWA has been facing in recent years, both for its regular budget and for the Emergency Appeals in the West Bank and Gaza Strip. It is clear however that the current donor base must be consolidated and enlarged, and that new funding sources need to be tapped. Those sources must be identified and instruments must be created to permit or encourage new funding.

IV. Themes Addressed

A. Programming UNRWA's activities in an evolving environment

The context in which UNRWA operates and the needs and realities of Palestine refugees have changed enormously since the Agency started its activities in 1950. Except in Lebanon and the Gaza strip, the majority of refugees now no longer resides in camps. To varying degrees, they are able to participate in the opportunities available to them in host countries¹. With the exception of Lebanon, refugees have access to government services, and are able to exercise choice of service providers among UNRWA, government, NGOs or the private sector, according to the opportunities available to them and their evolving socio-economic status².

The nature of services to be delivered has also evolved over time. In the health sector, thanks to the achievements of the past, infectious diseases, maternal and infant mortality are less prevalent as acute concerns. The health status of the refugee population now more closely resembles that of middle income countries than of developing countries, leading to focus on the prevention of health failures that result from poor access to specialised care, and problems facing refugees who need lengthy treatments associated with chronic illnesses and disabilities³.

Although UNRWA's role is not elective, and its delivery of services is mandatory, its activities must adapt to take into account the changing environment, the evolving roles of others and the evolving needs of refugees. At the same time, competition over ODA funds makes it imperative to minimise duplication of services by service providers and to rationalise the use of donor resources. Increased analysis and accurate information is necessary in defining and substantiating needs, both to inform management choices, and to make informed funding decisions. This affects data collected for planning and prioritisation, and for the evaluation of outcomes.

Quantitative and qualitative assessment of needs

Knowledge of the precise number of refugees residing in the various host countries is important, but is not the only basis on which resource needs are to be determined. Actual and likely service utilisation patterns, and actual costs of service delivery in the different programme contexts also represent important data.

Valid and reliable data on the actual needs of the refugees in each of UNRWA's fields of operations and the evolving way in which those needs will be met are important not only as management information, but should be made available to donors and Host

Authorities. While UNRWA already collects much reliable data on refugees and their needs, and not all management information is useful for all stakeholders, the dissemination of relevant information, providing insight into programme impact and effectiveness should be enhanced wherever possible.

In health, data currently provided on the number of doctors and the number of patient visits to health centres could be enhanced by data on the actual number of patients and their health status. In education, stakeholders have received data on the enrolment (not attendance) of pupils, the number of UNRWA schools and pupil/teacher ratios. Other data, such as the number of refugees attending government or other schools, comparative data on outcomes⁴, and information on patterns of utilisation would represent valuable additional planning indicators.

The bulk of UNRWA resources is devoted to maintaining basic service entitlements, especially in education. Attention to the development needs of the most vulnerable, including needs disaggregated by gender, may require programming and resources either different or additional to those currently available to UNRWA. With a view to responding to these needs, UNRWA is encouraged to identify and adopt indicators for development outcomes consistent with host country and international standards, including the Millennium Development Goals.

UN and other organisations including the IBRD, ILO, UNDP, UNESCO, UNICEF and WHO have adopted regional programmes.⁵ UNRWA, donors and Host Authorities are encouraged to take further measures in the coordination of activities among them, so that institutional analysis and expertise can be shared more effectively, and Palestine refugees benefit from programmes at regional and national levels. A non-discriminatory approach towards developmental objectives of equal educational opportunities, health and socio-economic levels should profit both Host Authorities and refugee communities.

Coordination of programmes with host governments

The respective roles of UNRWA and government services vary according to context. At the primary level UNRWA remains the main provider of services to refugees. Mutual dependency between UNRWA and government services is especially high in the West Bank and the Gaza strip. Wherever enhanced coordination of programmes and complementarity of action with services of host governments may be feasible, donors would encourage further exploration of the most cost-effective ways of delivering refugee entitlements.

A specific situation exists in Lebanon, where, in the absence of government service provision to Palestine refugees, UNRWA is forced to provide –through extra-budgetary funds– more extensive services, including at the secondary educational level. The socio-economic situation of refugees is further affected by their restricted access to employment opportunities. Without a relaxation of current restrictions, and in the absence of considerable additional donor support, it will remain difficult for UNRWA to adequately respond to refugees needs.

Alternative approaches to the definition of a mid-term strategy

Under-funding of UNRWA's biennial budgets has led to increasing difficulties in delivering services, threatening the development of human capital and the deterioration of infrastructure assets developed over time. The strategy reflected by UNRWA's current Medium Term Planning exercise represents an important effort to assess UNRWA programme requirements over time. A central aim in current planning appears to achieve a return to past levels of quality in services and infrastructure.

The planning model approaches needs from within a framework of existing activities, informed by the expertise of implementing service departments in the field reporting centrally. If the considerable additional donor investments called for by UNRWA materialise, UNRWA would have the ability to cure accrued deficiencies and shortages, and further develop or extend its activities. This approach however risks being viewed essentially as a continuation of existing practice, without fully capturing and prioritising evolving beneficiary needs that may no longer fall within existing programme activities and available expertise.

Donor planning of aid cooperation tends increasingly to be based on understanding the changing needs of beneficiaries in their community contexts, and UNRWA is encouraged to approach its planning on this basis. It is conceivable that this may lead to the identification of needs other and possibly wider than those currently represented. At the same time however, it is likely to enhance UNRWA's understanding of beneficiary needs and priorities and donor understanding of the constraints facing UNRWA, and thereby influence the allocation of resources.

In order to facilitate this process, donors are encouraged to strengthen UNRWA's strategic planning capacities, including methodologies for assimilating stakeholder input and engaging beneficiaries in the assessment of priorities.

The additional data that will be collected and disseminated and an enhanced coordination and synergy between UNRWA and other providers of services to Palestine refugees, would more effectively reflect and substantiate the evolving needs and priorities of Palestine refugees, as well as constitute a more effective basis for the prioritisation of donor support to UNRWA.

B. UNRWA's Management Structure and Procedures

UNRWA reform over recent years has led to significant progress in achieving better financial transparency and enhanced dialogue with donors. Between 1991 and 1998, the registered refugee population increased by 33 per cent⁶ while income to UNRWA's General Fund declined by 1.5 per cent⁷. Growing problems, and difficulties of communication between UNRWA and its donors, led to the convening of the Montreux Conference in 1998, and, with the support of donors, the commencement of a still-ongoing process of UNRWA reform. Operating with a budget deficit, UNRWA undertook in parallel cost-

reduction measures including deferred recruitment, elimination of posts, introduction of a new salary scale, and capping of some services.

The process has included reform of financial systems, agency-wide communications systems, procurement procedures, education planning and quality control of outputs in relief and social services. To increase transparency UNRWA moved to programme-based budgeting rather than budgeting by line items. Other ongoing reforms reflect changes in the UN system, including the initiation of a results-based budgeting process. Further steps need to include a greater degree of forward planning, especially for the current development of UNRWA's medium-term plan. Administrative and management reforms remain essential for improving the functioning of the Agency.

According to UNRWA registrations, the Agency's potential beneficiary population now numbers over four million. UNRWA employs over 24,000 staff, the majority of whom are themselves refugees. A maximum of available resources is reportedly channelled into implementing and maintaining services. International-level posts, representing key strategic management positions, and senior area management staff, should reflect actual programme management needs.

UNRWA's strategic units for planning purposes appear to be the Budget and Programme Departments located centrally at HQs Gaza and Amman, with budgetary projections modified in the course of the planning process by needs and priorities expressed by the Programme Department branches in each Field. As a consequence, planning does not necessarily analyse wider refugee needs, relationships with the programmes of other recipients of donor aid in each country, or different ways in which entitlements might be delivered. Various donors have expressed the desire to see UNRWA's planning documentation reflect such analysis, as well as the inputs that the Agency may receive from its diverse range of stakeholders.

The light level of UNRWA's strategic management resources is of concern. An audit of staff skills and capacities in light of the Agency's evolving requirements would enable UNRWA to take appropriate management decisions, for example with regard to staff training throughout the Agency, strengthening staff development, institutional learning and mechanisms for planning and prioritisation.

The Agency has already started addressing the issue of empowerment of women within its own staff as well as among the refugee population, recognizing their right to equal participation in the society and the economy, and these efforts should be continued, encouraged and supported.

UNRWA is the only one among United Nations programmes or funds to report directly to the General Assembly, which approves its mandate and programme budget⁸. It does not have an executive or governing board⁹ that meets regularly to review programmes and budgets and set priorities. It relies instead on annual meetings of an Advisory Commission¹⁰ and semi-annual, informal meetings of Major Donors and Host Governments (MDM)¹¹ to solicit stakeholder comment on its programmes. Neither body produces an

agreed plan of action or objectives for the Agency. The Advisory Commission's only written product is an annual letter to the Commissioner General that comments on the Commissioner General's draft report to the General Assembly. Meetings of both the Advisory Commission and the MDM are held in Amman and there is no formal mechanism to feed their deliberations or findings to the New York-based bodies that review UNRWA's work.

Two New York-based bodies – the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fourth Committee's Working Group on the Financing of UNRWA (Working Group on Finances) – play a role in reviewing UNRWA budgets and the agency's overall financial situation. However, all documents reviewed by these bodies – including the Agency's biennium budget – are prepared by UNRWA staff with no input from either donors or host governments. Neither the ACABQ nor the Working Group on Finances has the ability to effect change in UNRWA's substantive programming decisions. The Working Group on Finances is a 10-country body with a fixed membership, and meets in New York each year in September and October to review the Agency's financial needs in light of the Commissioner-General's annual report. The draft report from the Working Group is then sent to the General Assembly's Fourth Committee.

The current arrangements governing relations between UNRWA and its key stakeholders need to be improved. The need to reform UNRWA governance arrangements is particularly critical now, when the Agency seeks to raise the level of their programmes and undertake new, large-scale projects as part of its draft medium-term plan. Greater stakeholder participation in setting UNRWA priorities and budgets will result in greater stakeholder confidence in UNRWA management, which will lead in turn to greater financial and political support for the Agency's mandate and programmes. New, invigorated structures governing relations between UNRWA and its key stakeholders are the foundation on which partnerships in support of UNRWA and Palestine refugees must be built.

C. Specific Situation of the West Bank and Gaza Strip¹²

Even under non-emergency conditions, in the West Bank and Gaza Strip UNRWA is the second-largest provider of primary-level education and health services after the Palestinian Authority itself. Registered refugees constitute a majority of the population of the Gaza Strip. Since the beginning of the emergency in September 2000, UNRWA has consistently been perceived by the entire population as the major relief provider¹³.

The challenge is to provide relief to communities in distress, while maintaining the delivery of basic services to UNRWA target population.

The current crisis in the West Bank and Gaza Strip

External closures applied on the West Bank and Gaza Strip, and internal closures imposed within the West Bank and Gaza Strip, frequently isolating communities from each other, have affected livelihoods profoundly as well as provision and access to basic services, whether from UNRWA, the Palestinian Authority, other relief organisations and NGOs.

The regime of closures and curfews has devastated the Palestinian economy. The World Bank has reported “soaring unemployment and a sharp increase in poverty”, and that median family income has dropped by 40 per cent compared with pre-2000 levels¹⁴. Poverty and unemployment levels are particularly high in the Gaza Strip. These conditions are a factor leading greater numbers of refugees to turn to UNRWA services. The separation barrier being constructed in the West Bank will bring further deterioration in the daily life of Palestinians, separating many from their farmlands, workplaces, schools, health centres and communities.

Refugees were already considered among the most vulnerable communities in the West Bank and Gaza Strip, especially those resident in camps. Camps themselves have frequently been the focus of Israeli military operations, with consequences of loss of life, injury and the destruction of infrastructure. The systematic destruction of housing, especially in the Gaza Strip, has left thousands of families homeless¹⁵.

Families already recognised as vulnerable or poor and special hardship cases remain a focus for humanitarian assistance. Increasingly large amounts of support are targeting the "newly poor": refugees and non-refugees who are earning too little, who are unemployed or underemployed since September 2000, and who rely on coping mechanisms including sale of assets, credit and family assistance.

The degree to which livelihoods have been lost renders budgetary support to the Palestinian Authority among the most significant areas of donor intervention, enabling payment of wages by the Authority to the approximately 120,000 breadwinners in its employment. The Authority's own capacities are further affected by loss of tax and other revenues. The budgetary situation of municipalities is equally difficult: their resources have shrunk significantly and they need donor assistance for assuring the delivery of municipal services. Bills for the delivery of essential utilities including water and electricity frequently cannot be recovered.

Economic crisis, impoverishment, destruction of shelter, damage to infrastructure and restrictions of movement have resulted in a considerable increase of basic needs of the population in the West Bank and Gaza Strip and particularly of the refugees. A complex emergency situation has emerged, that has required donors to focus a substantial part of their assistance away from development and into humanitarian assistance.

The Palestinian Authority and donors have recognised that the maintenance of basic social services is an indispensable requirement for alleviating longer term socio-economic damage that otherwise would demand even more external financial support to be rectified. At the same time, the regime of closures and security measures applied by the Israeli authorities has significantly increased the costs of delivering regular as well as humanitarian services.

In the first three months of 2004, UNOCHA has reported that in the West Bank there have been more than 750 checkpoints, roadblocks, gates, earth mounds, trenches and other road closures in place.

Impact on UNRWA's activities

The Gaza Strip is often divided into two or more sections, with movement between them restricted. Additionally, a number of local areas in the Gaza Strip are under special closure regimes. Service delivery into areas such as Al-Mawasi is particularly difficult, requiring special coordination with the IDF. Frequent closures of the Karni Crossing into the Gaza Strip, which UNRWA is required to use to bring in humanitarian supplies, as well as the time required for security checks, have resulted in UNRWA incurring substantial excess storage and demurrage charges for containerised shipments waiting on the docks in the Port of Ashdod and for empty containers left inside the Gaza Strip. The Israeli Authorities have also been levying a tax on all containers entering and leaving Gaza that is costing the Agency between USD 150,000 and USD 200,000 per year.

In March 2004, some 158 separate incidents of UNRWA staff being delayed or denied passage through these checkpoints were recorded, involving 724 staff members and more than 2,597 staff hours of lost time. From November 2000 through March 2004, nearly 20,000 such incidents were recorded.

UNRWA has estimated that the total excess costs it has incurred because of Israeli security measures from the beginning of the current Intifada to 1 November 2003 are in the neighbourhood of USD 24 million.

In order to face the increased needs for humanitarian assistance and the increased costs of maintaining and delivering services, UNRWA has launched Emergency Appeals of significant magnitude: USD 193 million for 2004 (a figure greater than the existing regular budgetary allocations for the West Bank and Gaza Strip), almost two-thirds of a consolidated UN appeal for USD 305 million.

UNRWA's latter appeals have been substantially underfunded. Donors have expressed concern over the prioritisation of emergency activities and activities otherwise likely to be considered as falling under its regular budget. Given questions over whether or not the proposed interventions are of an emergency nature, there is room for enhanced clarity, in order to help better distinguish between short-term humanitarian interventions, rehabilitation and recovery responses, and the satisfaction of longer-term development needs. An eventual peaceful transformation of the conflict will require the right mix of interventions to increase the chances for success.

Coordination with other UN programmes and service-providers has also been expressed as an issue of concern, although UNRWA is the lead UN agency for coordination of humanitarian operations and is also a major source of the information disseminated by OCHA. While UNRWA has coordinated with UNICEF in maintaining immunisation programmes for the entire population, and is extending further assistance to non-refugee communities, concern is expressed that UNRWA, sister UN agencies, the

Palestinian Authority and other providers should further improve their coordination so as to ensure that equal attention is paid to the needs of refugees and non-refugees alike.

Reported unevenness in meeting the needs of vulnerable communities has given rise to calls for the further enhancement of coordination, analysis, combining of resources and local partnerships. The specific nature of the prevailing and protracted crisis raises the question of UNRWA considering the establishment of a specific emergency and relief programme to assess, monitor and manage the implementation of emergency activities and response to transitional needs, relieve pressure on the existing management structure, foster necessary synergies and contribute to securing quality outputs of UNRWA's normal program activities.

D. Innovative resource mobilisation strategies

UNRWA is a quasi-public entity delivering basic services normally provided by states, but it is unable to access those sources of funds that are available to, and sustain, central and local government institutions, e.g. commercial or non-commercial loans from lending institutions such as the World Bank, and taxes.

A relatively small group of donors provides the bulk of the Agency's funds. Five provide about 70 per cent of all funding. In 2003, the top 10 were responsible for 82 per cent, and the top 13 for 87 per cent¹⁶. A long-term strategic goal is to broaden this donor support base by increasing the total participation, and raising the share of minor donors as a proportion of the whole.

While contributions by major donors have been steady (e.g. the European Commission (EC) offers a four-year funding commitment with an automatic increase every year) and provide a reasonable expectation of renewal, there is some uncertainty regarding the total amount of annual contributions. UNRWA budgets however are prepared on a biennial basis, and programme planning must take an even longer view. If multi-year commitments were received, predictability of funding would be improved and resources managed more efficiently. The four-year framework convention signed between UNRWA and the EC in 2001 contains a built-in escalator, providing for a five percent annual increase in contributions. This provides a model UNRWA wishes to pursue with other major donors, to ensure greater predictability in funding, although it recognises that donors' ability to provide funding depends on each country's own legislation.

UNRWA's minimum requirement is for major donors to maintain present levels of commitment in real terms, adjusted for local inflation. However, UNRWA's draft medium term plan 2004-2009 in its present shape would call for much larger increases in donor contributions.

Assuming that major donors would maintain their share of funding during that period, keeping the ratio of major to minor country donors constant would imply as well a significant increase in the total contribution required from the latter. This category presently includes all but two Arab countries¹⁷, indicating the Agency's hope that a larger share of GF resources

will come in future from Gulf Cooperation Council (GCC) countries. Funding from those currently defined by the Agency as minor country donors, together with non-traditional sources (local governments, philanthropic foundations, NGOs, the corporate sector and private individuals) must grow significantly to maintain the burden sharing implicit in the Agency's fund-raising strategy, and to diversify the overall support base.

Developing a fundraising strategy is premised on: a commitment to the strategy (fundraising needs sufficient time to reap the benefits of the initial investments in relationship building); adequate commitment of financial and human resources ("One must spend money in order to raise money"); ensuring synergies between fundraising and public awareness (messages must address all audiences in a consistent fashion and educate, inform and alert targeted sectors of the public in donor countries to create a stronger identification with the cause of the refugees, and trust in the Agency); development of an appropriate communications strategy towards donors.

Other countries could provide more support to the Agency. Burden sharing is important. Many countries could provide practical assistance, whether in the form of cash or in-kind contributions, to Palestine refugees. In recent years, UNRWA has involved more countries in its work. China, South Korea and Russia have responded positively. Other countries including Malaysia, Mexico, Brazil, Hungary, Czech Republic and Poland have shown varying degrees of interest and support. Stronger follow-up is required. The new EU accession countries represent a potential category of new donors.

To obtain additional funding or restore the level of contributions from countries that have been reducing their donations to the Agency in real terms, confidence of the international community in UNRWA's effective management of donor resources has to be reinforced. Additional contacts are needed and strategic orientations have to be shared with donors. On the basis of agreed objectives and plans, partnerships in line with the existing principles of "good donorship" developed by the OECD DAC should be encouraged.

Regarding current forms of engagement with donors, changes in the format and content of the Major Donors' Meeting (MDM) have been proposed and various options should be assessed. In its current form, the MDM is sometimes used to announce pledges to emergency appeals or major projects. The normal venue for announcements of support for the General Fund (GF) is the annual meeting of the UNRWA Pledging Conference at the UN General Assembly. Typically 25-30 countries participate in this half-day event, constituted through a General Assembly resolution and held in response to an invitation from the UN Secretary-General to all member States. In recent years pledges have ranged from USD 40-70 million.

UNRWA's External Relations Department (ERD) interacts with donors located in the region through its offices in Gaza, Jerusalem and Amman, to match the Agency's needs for its three current budget lines (GF, projects and emergency activities) with available funds. Since November 2000, Emergency Appeals for the occupied Palestinian territory have consumed much attention and resources. These grew to USD 196 million in 2003 and USD 193 million in 2004. After a good start in the early years of the *intifada*, pledge levels

dropped to around half of the required amounts last year and appear unlikely to exceed that ratio in 2004.

Arab countries are a source of incremental support to the Agency, through each of its three current budget lines (General Fund, Projects, and the Emergency Appeal). Their traditional view is that the main financial responsibility for supporting the core budget should lie with OECD donor countries. Apart from Saudi Arabia and Kuwait, their annual contributions have been modest in comparison with their ability to pay. By contrast, Arab donors, both private and national, provide much more structural support to the Palestinian Authority and to social institutions.

The potential for increased private contributions from GCC countries is illustrated by two figures: in 2002, the UAE Red Crescent raised USD 27 million from individuals for the reconstruction of Jenin Camp in the West Bank; in 2002 and 2003, individuals in Syria, one of the poorer regional countries, provided a total of USD 3.85 million to the Agency's Emergency Appeals. Part of the latter came from Palestine refugees themselves. UNRWA is strengthening its donor relations capacity for the Arab world. The Agency hopes that in the next five years the Arab League's call on its member states to contribute six to seven per cent of the GF budget, up from one to two percent today, will become a reality.

Apart from national governments, many countries have programmes of development cooperation at local levels. Municipalities, district and/or regional government have developed parallel structures for humanitarian assistance and development. So far, UNRWA has lacked the capacity to create partnerships with these institutions, which may be possible if the relationships are managed in a sustained way.

Through an appropriate structure (Country Support Groups and/or enlarged staffing at ERD in Gaza HQ), starting with a limited number of targeted countries, UNRWA should explore the potential provided by such public institutions and their instruments. The Agency will begin with Spain and the United States, where plans are advanced for implementation of Country Support Groups (CSGs) in 2004. Depending on results, it proposes to add CSGs in other countries where local interest and the potential to raise funds for Palestine refugees are believed to exist. This second group consists of the UK, Sweden, and Japan. In this regard, UNRWA will draw on the proven experience of UNHCR and UNICEF.

UNRWA has very little experience in fundraising from the private sector. To reach the private sector without too high an initial investment and limited risk, the establishment of CSGs may enable UNRWA to raise funds from the private sector as well as inform the public about UNRWA's activities and programmes. Governments' recognition and support for these groups is essential to ensure success, and a key success factor for UNRWA would be to set up CSG monitoring and control procedures.

In a fiercely competitive environment, developing long-term private-sector partnerships rather than "one shot" donations is a challenge. Some critical questions: How should UNRWA approach these companies? What is the mutual benefit? How to deal with earmarking requests from the corporate sector, and how to report to them? Is the

partnership an ethical one? UNRWA would like to appeal to a few companies, which are open to provide cash, in-kind aid or technical assistance.

For some personal donors, UNRWA represents a neutral and transparent instrument for them to reach the Palestinians. The Palestine refugee issue is likely to be closer to the heart of Arabs and particularly persons of Palestinian origin. UNRWA needs to identify ways to reach these potential donors and “cultivate” the relationship. This could be dealt with by UNRWA HQ, with back-up from the Abu Dhabi office to be established 1 May 2004, and the CSG (“Friends of UNRWA Association”) in the USA. At a time when the Palestine refugee issue enjoys a broad audience, neither UNRWA’s programmes nor its name are known to the general public. The limited funds that have been received from individual donors have come without any outreach on the part of the Agency. The experience of other UN agencies and NGOs shows that this is potentially profitable if resources are allocated to the task.

The principle of co-payment by refugee beneficiaries of UNRWA services has been established in certain areas, such as health, where refugees routinely pay part of the cost of hospitalisation, on a sliding scale that takes into account the nature of the medical intervention and the circumstances of the patient. Co-payments are also used for medical appliances (eye glasses and hearing aids for schoolchildren) and for expensive long-term medical treatments, such as for cancer. Self-help contributions in camp improvements and individual shelter repairs are standard in most refugee camps. Less attention is given to the amount of voluntary assistance that parents often give to their children’s schools and to community-based organisations (CBOs) such as women’s associations.

The cost and complexity of administering co-payments on services that are usually low cost, per capita, is not considered worthwhile. Thus, it has not been considered appropriate to introduce charges for services such as vaccinations, although it was for access to secondary or tertiary health services. Any extension of co-payment practice would have to ensure that the poorest Palestine refugees were not, in practice, discriminated against as a consequence. Comparators for the possible introduction of co-payments in new areas ought to be the practices followed by the host countries themselves. The socio-economic profile of the refugees is usually worse than that of the host country population, and it is critical that any additional burden on an already marginalised group be considered on grounds of equity.

In the Agency’s view, the subject could be discussed on a selective basis provided that issues of equity, the cost of managing such an innovation and stakeholder acceptability were addressed in advance. In some areas, the provision of the same service by host governments may prove to be a cheaper option for the beneficiaries than any co-payment scheme introduced by the Agency.

V. Follow-Up Action

Appropriate mechanisms need to be set up for implementing and monitoring the following recommendations, such as a Working Group on management and donor interaction issues.

It is also suggested to look into the possibility of the Geneva Conference core group to continue meeting regularly to follow up on agreed Conference recommendations.

In addition, agreed Conference recommendations need to be reflected in the next Commissioner General's report to the General Assembly.

VI. Consolidated Recommendations

Sub-Theme A: Programming UNRWA's activities in an evolving environment

A.1 Improve data collection and analysis to more accurately identify needs and priorities, in a way that strengthens management tools for budget and programme planning purposes.

A.2 Enhance the periodic dissemination of relevant data in a timely fashion to donors and host countries so that all stakeholders can evaluate programme impact and the need for possible future changes.

A.3 Strengthen linkages between the Relief and Social Services Department's planned individual refugee registration system and the Health and Education Departments, through the development of comprehensive management information systems.

A.4 Consider the conduct, in consultation with host countries, of service utilization surveys of registered Palestine refugees in the areas of health, education and relief and social services.

A.5 With appropriate technical support, UNRWA should draft terms of reference for a feasibility study to look into possible mutual assistance schemes for refugee communities, e.g. social and health insurance. Any such scheme should take into account host country policies and practice, and refugee entitlements.

A.6 Pay increased attention to the issue of gender and consider the programme implications thereof, so as to make progress in line with agreed UN standards. Existing practices by the Agency that contravene the core principle of non-discrimination on gender grounds should be addressed, and rectified.

A.7 Identify the most vulnerable Palestine refugees as priority targets for the comprehensive coverage of livelihood and development needs. In this context, particular

attention must be paid to the difficult and precarious living conditions of refugees in the West Bank and the Gaza Strip.

A.8 Examine the socio-economic situation of refugees in Lebanon and devise in consultation with Lebanese authorities effective means to better address refugees' service needs.

A.9 Identify, and adopt, indicators that enable the monitoring of the Agency's programmes so as to accurately measure the quality of outcomes, consistent with host country and international standards, including the Millennium Development Goals.

A.10 Further enhance coordination and cooperation at the planning and operational levels with host authorities and other providers of services, in order to increase synergies, and improve efficacy and the rational use of donor resources provided to Palestine refugees. This applies *inter alia* to health, education, relief and social services, the micro-credit and micro-enterprise programme, emergency services, and the development, upgrading and maintenance of camp infrastructure, bearing in mind future responsibilities for recurrent costs.

A.11 Engage the refugees in assessing needs, in planning programme content and delivery, and in helping determine priorities, through appropriate participatory mechanisms.

A.12 Within a common strategic framework, consider the possibility of more closely involving the field level in the definition of programmes, so that they are fully in line with the specific environment and the priority requirements of beneficiaries living there, taking into account, *inter alia*, other service providers and differing host authority policies.

A.13 Enhance the Agency's programme and strategic planning, monitoring and evaluation capacity, with the necessary technical and financial support of donors.

A.14 Consistent with the overall recommendations of this Workshop, and within an agreed process of further consultations and priority setting with key stakeholders, finalize the Medium-Term Plan after the Conference and present it to donors for their favourable consideration.

Sub-Theme B: UNRWA's current management structure and procedures

B.1 Build on the achievements of the reform process so far, so as to deepen and strengthen its impact. Attention should be paid to the fostering of institutional learning and knowledge management and the development and implementation of a comprehensive communications strategy, in line with best practices in the United Nations system.

B.2 Undertake a comprehensive audit of staff skills and capacities in light of the Agency's evolving requirements in the coming period. Taking into account the ongoing reform process, UNRWA and donors should jointly consider the audit results, to enable the

Agency to take appropriate management decisions. Enhance and reorient staff training throughout the Agency, and at all levels, so as to strengthen staff development, improve the overall performance of the Agency, and help implement the recommendations of the Conference. Carried out with the financial and technical support of donors and UN agencies, training should include the strengthening of the Agency's strategic planning capabilities and participatory approaches.

B.3 In the spirit of the tripartite partnership that has imbued this Conference, establish a Working Group to study in depth means to strengthen processes and mechanisms of consultation and partnerships, including the possibility of establishing an executive or governing board for the Agency, so as to reach a common understanding between UNRWA, donors and host authorities on the Agency's programmes and priorities. The Working Group, which should include representatives of donors, host countries, the PLO and UNRWA, will examine various options in this regard and report back to the next informal meeting of major donors and host Governments.

B.4 In consultation with all stakeholders, review the format, frequency and membership of the Agency's regular interactions with its donors, notably the Informal Meeting of Major Donors and Host Authorities (MDM), to strengthen opportunities for substantive discussion, the dissemination of timely and relevant programme information, and follow-up of earlier recommendations. In this regard, consider the creation of technical groups, to monitor and support Agency activities and projects.

B.5 Based on agreed principles of good donorship and aid harmonization, donors should consider streamlining external audits and programme evaluations, with a view to eliminating duplication and reducing the administrative burden. This should take into consideration established UN policies and procedures and the Agency's existing systems for internal audit, evaluation and fraud prevention.

Sub-Theme C: Specific Situation of the West Bank and Gaza Strip

C.1 Ensure observance of the principles of international humanitarian law, in particular the 1949 Geneva Convention Relative to the Protection of Civilian Persons in Time of War in the current conflict. Member States of the United Nations should exert all efforts to secure the implementation of applicable international humanitarian law by all parties to conflict in the occupied territory, aware that any violation imposes additional and avoidable costs on the Agency and donors, and in some cases results in refugees being deprived of essential services.

C.2 Consistent with the relevant provisions of international law, member States of the United Nations should provide full support to UNRWA in its operations in the West Bank and Gaza Strip with a view to upholding the principle of unrestricted humanitarian access. While acknowledging the legitimate security concerns of the parties to the conflict, access by beneficiaries to Agency services, and of the Agency to those it serves should be ensured. Parties to the conflict must effectively ensure the safety of those providing humanitarian services.

C.3 Continue to monitor the additional costs incurred as a consequence of security measures adopted by the Israeli Government; inform all stakeholders of the results of such monitoring; and pursue claims for compensation, as appropriate.

C.4 All humanitarian actors and donors in the West Bank and Gaza Strip should develop consistent responses and procedures on access-related issues. To that end, they should review, harmonize and simplify their existing coordination structures dealing with the Government of Israel. As underscored by the Quartet there is a need for agreed, transparent arrangements with all sides on access, mobility and safety for international organizations and bilateral donors and their personnel.

C.5 Continue the monitoring of the extraordinary needs of Palestine refugees resulting from the ongoing conflict in the West Bank and Gaza Strip and keep all stakeholders precisely informed, so as to be able to review the progress of implementation of the Emergency Appeals and to take appropriate decisions on future course of action. Within the overall aid coordination structures, and in view of the protracted nature of this crisis, the emergency appeal should seek to distinguish better between short-term emergency interventions, medium-term rehabilitation and recovery responses and longer-term development needs. Examine possibilities of including in the General or Project budgets medium and longer-term needs.

C.6 Avoid discrimination between refugees and non-refugees in the delivery of emergency relief and services, in full agreement with other service providers. In order to use scarce funding resources in a rational way, UNRWA should be closely working with other organisations so as to take advantage of comparative strengths.

Sub-Theme D: Innovative Resource Mobilisation Strategies

D.1 Develop a comprehensive fundraising strategy with objectives, budgets, and benchmarks against which progress can be measured. Donors and other UN agencies should stand ready to provide necessary technical and financial support. In this regard, UNRWA should draw on the experience of others.

D.2 On the basis of agreed objectives and plans, encourage donors to review or establish partnerships with UNRWA, in line with the existing principles of “good donorship” developed by the OECD DAC. This could include consideration of long-term funding arrangements.

D.3 Identify and tap potential new sources of public funding from traditional major donors beyond those currently available from existing budget lines, so as to deepen and enlarge the financial commitment of these countries. This would include gaining access to tailored development aid programme and emergency relief funds not being tapped at present by the Agency.

D.4 As part of the overall fundraising strategy, pay particular attention to direct fundraising from the private sector and seek ways to improve UNRWA's public outreach capacity, *inter alia* through its Website and by building comprehensive databases of potential individual contributors. Explore feasible means to react more quickly and flexibly to opportunities to tap additional funding from new sources.

D.5 Establish national support associations in a limited number of priority countries with the potential to provide significant funding from the public, local government institutions, private companies, philanthropic bodies and other non-governmental organizations. Particular attention should be paid to the cost/benefit calculations involved for the Agency in seeking and maintaining these relations. Governments could assist where necessary, for instance by providing tax relief for charitable donations to the Agency.

D.6 Identify and create a select number of key partnerships with companies and high-worth individual donors, with the goal of building long-term funding relationships. Assistance provided, in cash or in kind, should be earmarked for areas that meet priority needs defined in UNRWA programmes.

D.7 Non-host Arab countries having the potential to contribute more to UNRWA's work should be given special focus in the Agency's donor relations strategies and public outreach work. Adequate resources should be allocated to the maintenance of this relationship at the appropriate level and intensity.

D.8 Recognizing the large contribution already made by host authorities, exploit the potential for direct fundraising in those countries, in coordination with national authorities. Identify ways to strengthen linkages between financially successful Palestine refugees and those most in need, in host countries and in neighbouring UNRWA Fields of Operation, particularly in times of emergency.

End Notes

¹ In Lebanon, opportunities are highly limited. In Jordan, 82 per cent of the refugees do not live in camps and many of them have full Jordanian citizenship. In Syria, over 70 per cent of refugees also live outside the camps and a similar proportion in the West Bank. In contrast, there are still 57 per cent of refugees in camps in Lebanon and 52 per cent in the Gaza strip (where refugees represent more than two-thirds of the population).

² Despite generally having education/training and access to labour markets, and many refugees having been able to move out of conditions of dependency, particular forms of poverty continue to affect a significant proportion of the refugee population (*Cf.* "Perpetual Emergency: The Persistence of Poverty and Vulnerability among Palestinian Camp Populations in Jordan, Lebanon and the West Bank and Gaza", Penny Johnson and Lee O'Brien, in FAFO report 427: Finding Means: UNRWA's Financial Crisis and Refugee Living Conditions, Volume II, Chapter 2).

³ The needs of disabled refugees require multi-sectoral assistance. A significant number of disabled refugee children, for example, need literacy assistance.

⁴ Despite an adverse pupil/teacher ratio and difficult material conditions, outcomes in UNRWA schools reportedly remain satisfactory compared with government schools. Quality of teaching is probably an important factor in outcomes, although current remuneration packages are reported to be an obstacle to recruitment of qualified staff.

⁵ IBRD: International Bank for Reconstruction and Development; ILO: International Labour Organisation; UNDP: United Nations Development Programme; UNESCO: United Nations Educational, Scientific and Cultural Organisation; UNICEF: United Nations Children’s fund; WHO: World Health Organisation.

⁶ (Oxfam GB analysis, February 1999, based on UNRWA statistics). The surge in numbers was informed by refugees returning to UNRWA rolls after leaving Gulf countries in consequence of the 1991 Gulf War. During the ensuing period some donors reportedly envisaged resolution of the Palestine refugee problem in a context of optimism surrounding the Oslo peace process. At the same time, UNRWA was required to move headquarters from Vienna to Gaza, adding some relocation costs and contributing to a loss of experienced staff.

⁷ Between 1998 and 2003 however, donors have increased again their total contributions from US\$ 261 M to 422 M, representing an increase of 62%.

⁸ While the General Assembly approves budgets put forward by UNRWA, actual income to UNRWA is provided by only a limited number of its members.

⁹ Although UNRWA personnel point out that the General Assembly is UNRWA’s governing board.

¹⁰ UNRWA’s Advisory Commission was established at the UN to review UNRWA programmes and activities. The Commission’s members are Belgium, Egypt, France, Japan, Jordan, Lebanon, Syria, Turkey, the United Kingdom and the United States of America. The PLO attends the meetings as an observer. Commission membership does not include several of the agency’s largest donors.

¹¹ Participation in the MDM is limited to host governments and donors that contribute at least USD one million to UNRWA’s General Fund. The PLO participates as an observer.

¹² UN General Assembly Resolution 56/56 of 10 December 2001 noted that “*the context created by the signing of the Declaration of Principles on Interim Self-Government Arrangements by the Government of the State of Israel and the Palestine Liberation Organization and subsequent implementation agreements has had major consequences for the activities of the Agency, which is henceforth called upon, in close cooperation with the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority, the specialized agencies and the World Bank, to continue to contribute towards the development of economic and social stability in the occupied territory*”; and noted that “*...the functioning of the Agency remains essential in all fields of operation*”.

¹³ Cf. University of Geneva Surveys:

http://www.unige.ch/iued/new/information/publications/rapp_palestine.html

¹⁴ World Bank Country Brief, West Bank and Gaza, March 2004. The report further noted:

“The World Bank estimates that real Gross National Income (GNI) declined by more than 30 percent from 1999 to 2003. Taking into account that the Palestinian population is growing at an annual rate of about 4 percent, this implies that per capita incomes has been almost halved during this period. As a result, the Bank estimates that poverty – defined as those living for less than US\$2.1 per day – affects about 50 percent of the Palestinian population, and that per capita incomes are approaching US\$1000.”

¹⁵ By the end of March 2004, in the Gaza Strip, UNRWA had reported the complete or partial destruction of 1,458 refugee and 273 non-refugee housing units, affecting a total of 13,166 refugees and 2,464 non-refugees.

¹⁶ In ranked order, the list consists of: USA, European Commission, UK, Sweden, Norway, Netherlands, Italy, Germany, Denmark, Japan, Saudi Arabia, Switzerland and Canada.

¹⁷ Kuwait and Saudi Arabia are already Major Donors.

Annexes

I.A: Pledges to UNRWA, 1994-2003

I.B: Contributions to UNRWA’s Regular Budget, 1999-2003

II: The Reform Process at UNRWA: A Summary
III: Executive Summary of the UNRWA Budget
IV: UNRWA Organisational Chart