

Annex II
The Reform Process at UNRWA: A Summary

1. Since its inception, UNRWA has continuously adapted to the rapidly changing political situation and catered to the growing needs of the Palestine refugees, in accordance with its mandate. As part of its organizational and operational evolution, the Agency has shifted gears from the early works and reintegration activities to relief operations, culminating in its comprehensive human development approaches including provision of primary education and health care, relief and social services and micro-credit. With a view to empowering Palestine refugees in the Agency's area of operations, UNRWA has adopted community-based approaches in poverty alleviation, social development and income generation and worked toward achieving self-sustainability within the Palestine refugee community.
2. In its over 50 years of service to the Palestine refugees, the Agency has also reoriented itself to shifting administrative jurisdictions in its areas of operations, with associated legal, logistical and political problems. Repeated wars and uprisings therein have led to severe disruptions of UNRWA programmes and services, prompting the initiation of measures for the provision of emergency assistance.
3. A set of driving forces in the early 1990s from within the UN system, elements external to UNRWA's operating environment and internal organizational factors of UNRWA revealed certain institutional shortcomings and prompted the Agency to undertake a review of management and administrative practices, business processes, resource management and technological integration. These include recommendations from the Office of Internal Oversight Services that conducted a review of the Agency's management and administrative practices in 1995, the launching of the Madrid peace talks and the Oslo track of the Middle East Peace Process, the perennial funding shortfalls that worsened in the late 1980s and the information technology-driven revolution of the 1990s that required a thorough overhaul of UNRWA's management information systems.
4. The conclusion of the Oslo Accords had a profound impact on the Agency's work and responsibilities. The Headquarters of the Agency shifted from Vienna to Gaza City and Amman, requiring UNRWA to tackle the problems of a split headquarters and enter into new legal arrangements with the nascent Palestinian Authority (PA). UNRWA prepared a forward looking response to support the peace process and launched the Peace Implementation Programme (PIP).
5. Since 1996, the Agency has also embarked on a structured reform process designed to enable it to better respond to the needs of its stakeholders: beneficiaries, donors and host countries alike. The Agency decided to go in

for a strategic orientation to the reform process that would modernize and integrate the various management information systems of support and core functions to enable it to reorient its organizational structures and technology platforms to serve the aims of transparency, accountability, decentralization and improving service delivery despite a reduced resource base. It also decided to adopt an incremental 'module-by-module' implementation approach keeping in view the availability of resources for reform and in the belief that durable reform can best be brought about gradually and by building on existing strengths of the Agency.

6. Generally, the reform agenda in UNRWA is based on the following objectives:
 - Improvement in the efficiency and effectiveness of Agency resource management;
 - Development of a transparent and collegial management culture;
 - Strengthening of the Agency's strategic planning capabilities;
 - Expansion and improvement in the Agency's relations with all stakeholders - Palestine refugees, donors, host countries, staff and other UN agencies;
 - Increased responsiveness, efficiency and effectiveness of Agency operations and services for Palestine refugees in light of changing socio-political situations.
7. The reform process during the period 1996-2000 focused on the above objectives, particularly the development of an open management culture and strengthened planning capabilities. Under the 1996-2000 reform agenda, the Agency, with the assistance of three expert consultancies, initiated and implemented a review of the organizational structure, budget management and technological platforms in both core and support functions, leading to structural changes in all these areas.
8. Since 2000, periodic progress reports have provided a comprehensive review of actual accomplishments by detailing the management reforms and developments by programme and support unit. Since 2001, while maintaining continuing support for the 1996-2000 reforms, the reform process focused on programme-based reform initiatives and on means to improve the Agency's resource management in light of a strained resource base, while continuing to address Palestine refugee needs amidst a relatively adverse and rapidly changing socio-political environment.
9. Agency reforms have covered a wide variety of areas within its support services and core programmes. These have included reforms in Audit and Inspection, Financial Services, Technical Services, Administration and Human Resources, Public Information, External Relations, and each of the Education, Health, Relief and Social Services and Micro-credit programmes.