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United Nations Relief and Works Agency for Palestine Refugees in the Near East

Report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Summary

The present report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East provides a description of the activities of the Group in 2019 and a detailed outline of the current financial situation of the Agency. The Working Group adopted the report at its meeting on 22 August 2019.^a As in previous reports of the Group, the present report closes with concluding remarks addressed to all Member States.

^a The United States of America has disassociated itself from the present report.

* A/74/150.



I. Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established under General Assembly resolution 302 (IV), and its mandate was most recently renewed by the Assembly in its resolution [71/91](#). In the resolution, the Assembly affirmed the necessity of the continuation of the work of UNRWA pending the just resolution of the question of the Palestine refugees, most recently addressed in Assembly resolution [73/92](#).
2. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East was established by the General Assembly under resolution 2656 (XXV) to study all aspects of the financing of the Agency.
3. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. It is currently chaired by the Permanent Representative of Turkey, Feridun H. Sinirlioğlu.
4. At its twenty-fifth session and all sessions that have followed, the General Assembly has considered the reports submitted to it by the Working Group (in 2018, [A/73/349](#)) and adopted resolutions relating to UNRWA and the Working Group, taking note with appreciation of the efforts of the Working Group (the most recent being resolution [72/82](#)).

II. Background

5. The Agency was entrusted by the international community with the responsibility to provide humanitarian assistance and protection to Palestine refugees across the Agency's area of operations: Jordan, Lebanon, the Syrian Arab Republic, the West Bank, including East Jerusalem, and the Gaza Strip. Throughout its history, and in the context of the unresolved plight of more than 5.5 million Palestine refugees, UNRWA has been confronted with persistent shortfalls in funding that have challenged the Agency's ability to fully implement its mandate to provide assistance and protection to Palestine refugees.
6. The humanitarian problems faced by Palestine refugees today must be addressed as a shared international responsibility pending a just and durable solution of the Palestine refugee question, in accordance with international law, including relevant resolutions of the United Nations.
7. Since it began its operations in 1950, UNRWA has been serving Palestine refugees in the Gaza Strip and the West Bank, Jordan, Lebanon and the Syrian Arab Republic with the facilitation and support of host Governments and donors. Currently, its almost 30,000 staff members provide vital humanitarian assistance, human development services and emergency assistance to Palestine refugees registered with the Agency. The Agency plays an important role in contributing to regional stability, and making efforts to foster peace and security and mitigate extremism in the Middle East region. The Agency works to safeguard and advance the rights of Palestine refugees under international law.
8. Palestine refugees have remained among the most vulnerable in their communities, suffering from poverty, rising unemployment rates (especially among youth and women), discrimination in various forms, marginalization and limitations on their ability to fully enjoy their human rights.

9. Despite its recurrent financial shortfalls, UNRWA has continued to take measures to increase its efficiency, while also maintaining the quality of its services to Palestine refugees. The reforms it has implemented to achieve that underscore the Agency's commitment to transparency and accountability in line with the principles of the Grand Bargain on humanitarian financing announced at the World Humanitarian Summit in Istanbul in May 2016.

III. Field of operations of the Agency

10. In 2018, UNRWA maintained the delivery of humanitarian, human development and protection assistance for registered Palestine refugees through a collective commitment on the part of the Agency, its donors and countries hosting refugees. During the reporting period, UNRWA succeeded in providing over 8.5 million primary health care consultations, education for 532,857 children (2018/19), social safety net assistance (including cash and food) for over 255,000 individuals, technical and vocational education and training for 7,564 youth and microfinance loans for 38,183 people, including 13,052 Palestine refugees. In addition, 1,138 families benefited from shelter rehabilitation or construction assistance and, in accordance with Agency protection and safety standards, UNRWA either constructed, upgraded or reconstructed six health centres and 16 schools. Protection assistance extended across all fields covered by the Agency's operations, with a notable emphasis on advocacy and on further equipping UNRWA personnel to provide practical protection to Palestine refugees.

11. In the Gaza Strip, the living conditions of some 1.3 million registered Palestine refugees have deteriorated owing to the impact of repeated conflicts and the downward economic spiral experienced since 2000. The closure of Gaza by Israel, now entering its thirteenth year, has had a ruinous effect on the economy and the infrastructure, exacerbating the vulnerability of the refugee population, increasing their needs and contributing to the extreme dependence of the population on international assistance. The Agency is expected to continue to provide emergency food assistance to approximately 1 million Palestine refugees in 2019, more than half of the total population of Gaza. The Working Group is concerned about the increase in its financial costs resulting from the Israeli closures and security procedures relating to access to and the monitoring of all the Agency's imports into Gaza. The Working Group stresses that progress is needed to address the overall economic and humanitarian situation in Gaza and underscores the importance of the full implementation of Security Council resolutions 1850 (2008) and 1860 (2009).

12. Similarly, the Israeli occupation continues to constrain life for the Palestine refugee community, currently numbering more than 800,000 persons registered with the Agency's field of operation in the West Bank. The demolition of Palestinian homes, the destruction of property and livelihoods, and plans to expand settlements, including for areas of East Jerusalem, have caused great concern for the Palestine refugee community. Movement restrictions imposed by Israel also have had a debilitating effect on the economy of the West Bank. In 2019, the total amount of value added tax due to the Agency from the Palestinian Authority Ministry of Finance with respect to services and goods procured for the West Bank and Gaza stood at \$100.6 million (unaudited as of 11 July 2019), slightly lower than prior year due from the Palestinian Authority of \$100.9 million.

13. In the Syrian Arab Republic, the conflict continues to take a dramatic toll on Palestine refugees. As at January 2019, approximately 60 per cent of the estimated 438,000 Palestine refugees remaining in the country had been displaced at least once and around 46,000 had fled from the Syrian Arab Republic to Lebanon and Jordan.

Overall, 95 per cent of Palestine refugees in the Syrian Arab Republic are reliant on UNRWA for assistance.

14. Agency data show that more than 465,000 Palestine refugees are currently registered in Lebanon, not including those who have arrived from Syrian Arab Republic. The refugees continue to be barred from participating in 39 professions and face a number of other restrictions, such as a prohibition on owning fixed property. The influx of Palestine refugees from the Syrian Arab Republic has aggravated the dependency of the community, which had already been suffering widespread poverty. Given that context, the Agency's services are seen as a lifeline for the refugees. Lebanon is hosting multiple large refugee populations, which causes enormous strains on government resources, infrastructure, and social cohesion.

15. In Jordan, which is host to more than 2.2 million Palestine refugees within its borders, living standards are relatively favourable, even though many continue to face hardship and increased poverty. The rising number of refugees from Syrian Arab Republic, including some Palestine refugees from that country, creates difficulties for both the host Government and those seeking assistance.

IV. Structure of the Agency

16. The Agency's core operations are encapsulated in its programme budget, which finances its long-standing programme of work, principally in the areas of education, health care, and relief and social services. The programme budget is the foundation for all the Agency's activities and programmes.

17. The Agency has a single integrated budget framework: its programme budget, funded predominantly through voluntary, unearmarked contributions from States Members of the United Nations and other donors; project funds for specific, time-bound activities resourced for 100 per cent by voluntary earmarked contributions; and the non-core sources of funding of emergency appeals, which raise earmarked and unearmarked funds through fully voluntary contributions.

18. Since the outbreak of the second intifada, in 2000, UNRWA has provided emergency assistance to the Palestine refugee population in the Gaza Strip and the West Bank through the emergency appeal for the occupied Palestinian territory. Since June 2012, UNRWA has provided emergency assistance in the Syrian Arab Republic, Lebanon and Jordan through the emergency appeal for the Syrian Arab Republic regional crisis as part of the Syria Regional Humanitarian Response Plan.

19. Projects are an integral aspect of the work of UNRWA. Their aim is to fulfil the technical assistance and infrastructure requirements for the overall operations of UNRWA. They contain all funding not captured in the programme budget and the emergency appeals.

V. Financial situation of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

20. In 2018, the Agency's funding shortfall reached \$538 million. In August, a key donor announced that it would no longer commit further funding to UNRWA. This presented the Agency with a crisis of truly existential proportions. Nonetheless, that crisis was overcome by the end of 2018, thanks to which important, and indeed essential, services to Palestine refugees were preserved. This was achieved through a combination of robust and sustained efforts on the part of UNRWA and its stakeholders to secure \$446 million in new resources and \$92 million in efficiency

and austerity gains. In spite of this, the Agency is again facing a difficult financial situation. It requires approximately \$1.2 billion to deliver its regular programmes and critical humanitarian services in 2019, including emergency assistance to 1.5 million Palestine refugees affected by a humanitarian crisis, notably in Gaza and the Syrian Arab Republic. As of 30 June, the Agency's shortfall amounts to \$151 million.

21. In response to the report of the Secretary-General of 30 March 2017 (A/71/849), the Agency and its partners have made significant progress in resource mobilization. In 2018, UNRWA expanded the donor base: 42 Governments and institutions from every region of the world either increased their funding to the Agency or became first-time donors. Afghanistan made a pledge of \$1 million in March 2019, following the encouragement of Turkey in its role as Chair of the Advisory Commission of UNRWA and that country's good offices as Chair of the thirteenth Islamic Summit Conference. During the reporting period, UNRWA sought to expand its donor base by engaging constructively with multilateral organizations including the Association of Southeast Asian Nations; Brazil, China, India, the Russian Federation and South Africa (the BRICS States); the Group of 77; the League of Arab States; the Organization of Islamic Cooperation (OIC); and the Movement of Non-Aligned Countries. The Agency also participated in the Conference on Cooperation among East Asian Countries for Palestinian Development in order to further strengthen cooperation with Asian donors. These collective efforts by traditional and non-traditional donors represent a clear international commitment to providing hope for Palestine refugees.

22. In September 2018, as part of resource mobilization efforts, Germany, Japan, Jordan, Sweden, Turkey and the European Union hosted a ministerial meeting on UNRWA in New York on the margins of the General Assembly. The meeting contributed immensely by drawing further attention to the invaluable work done by UNRWA and by consolidating support for the Agency. In total, new pledges worth \$122 million were secured as a result of the meeting. From October to December 2018, additional pledges worth \$64 million were made, which closed the budget shortfall.

23. The Agency continues to build on the success of the international collective action taken in 2018 to address its financial difficulties in 2019. As at 31 May 2019, following months of engagement by UNRWA with a number of its partners, members of OIC approved the establishment of a waqf development fund for UNRWA, i.e., an endowment fund aimed at generating regular income to UNRWA once that fund is optimally capitalized. The fund will be administered by the Islamic Development Bank, and UNRWA is currently working with the Bank to operationalize the new fund before the end of 2019.

24. At the annual pledging conference held in June 2019, UNRWA received exceptional support from Member States. Representatives unanimously commended the Agency's role in preserving the rights and dignity of Palestine refugees and praised its staff members for their commitment in support of the human development of Palestine refugees in the Middle East. In total, Member States announced pledges amounting to more than \$110 million.

25. The Agency has expanded its overall capacity for private partnerships to leverage new and innovative funding opportunities. At the core of this effort lies the vast potential of Islamic social financing. In the first half of 2019, UNRWA conducted a number of Ramadan campaigns, including in Brunei Darussalam, Malaysia, Qatar, Turkey and the United Arab Emirates. The Agency is also pursuing "zakat" funds through partnerships in the States members of OIC.

26. Online income has increased fourfold since the beginning of 2018 owing to enhanced digital fundraising capacity. For the first time, UNRWA is investing in building an online support base to mobilize resources. The Agency continues also to

seek innovative partnership arrangements with corporations located mainly in the Middle East. That effort includes media campaigns to raise awareness in connection with Palestine refugees and gain support. Formal agreements in that regard have been signed with large media companies in the Middle East.

2018 shortfall timeline

<i>Date</i>	<i>Event</i>	<i>Shortfall (Millions of United States dollars)</i>
1 January		194
January	The United States reduces its contribution by \$300 million and a \$49 million shortfall is carried over from 2017	538
February	UNRWA efficiencies and austerity measures amount to \$92 million	446
March	The ministerial conference held in Rome (see A/73/349) and pledges made by the United Arab Emirates and Saudi Arabia amount to \$200 million in total	246
May	Gaza health appeal: \$10 million	256
June and July	Additional pledges amounting to \$39 million made at the annual pledging conference held in New York in June 2019	217
August	Additional pledges amounting to \$31 million	186
September	High-level event: pledges amounting to \$122 million	64
October to December	Additional pledges amounting to \$64 million	0

VI. Conclusions and recommendations

27. The Working Group wishes to thank all Member States, donors and hosts who have been supporting the work of UNRWA since its establishment and who have contributed to the well-being, the development and the protection of Palestine refugees.

28. The Working Group expresses its serious concern about the large funding gap affecting the Agency's programme budget in 2019, and, without prejudice to General Assembly resolution 302 (IV) and subsequent resolutions renewing the mandate if UNRWA, reiterates that it is, above all, the responsibility of Member States and the wider international community to ensure that the Agency's services are maintained at an acceptable level; that the Agency can fulfil its mandate, in quantitative and qualitative terms; and that funding keeps pace with the requirements of the Agency to meet the growing needs of the refugee population. The Working Group is concerned about the possible destabilizing impact that the lack of funding for UNRWA may have on the region, at a time when the Middle East is already facing crises of various intensities.

29. The Working Group welcomes the Agency's continued and far-reaching reforms, but acknowledges that the current reforms in themselves will not be sufficient to solve the problems relating to the Agency's deficit and encourages the Agency to make further efforts to continue its reform initiatives.

30. The Working Group commends the Commissioner-General and all of the Agency's staff for their tireless efforts to maintain the regular and emergency services of the Agency under very difficult operational circumstances.

31. The Working Group strongly urges all Governments to bear in mind the foregoing considerations when deciding about the level of their contributions to UNRWA for 2019.

32. Consistent with the report of 30 March 2017 (A/71/849) and taking into consideration the foregoing, the Working Group:

(a) Urges all Governments to increase and sustain over several years their voluntary contributions to the Agency, where possible, and to contribute to the Agency's three funding portals, as described in the present report, while taking into account the primary importance of fully funding its programme budget first and foremost. The swift disbursement of announced contributions, including the pledges made at the annual pledging conference held in New York on 25 June, is highly encouraged. Government contributions should keep pace with the requirements of the Agency to meet the growing needs of the Palestine refugee population and take into account the effects of inflation and other factors driving the costs of providing services. Contributions should also reflect appropriate international burden-sharing.

(b) Commends UNRWA for the measures it has taken to increase its efficiency while maintaining the quality of services to Palestine refugees and it encourages the continued implementation of those measures.

(c) Takes note of the recommendations contained in the report of the Secretary-General of 30 March 2017 (A/71/849) and all resolutions relating to the financing of UNRWA, with a view to addressing recurring budget deficits and sufficiently and predictably supporting the Agency's vital work.

(d) Urges all Governments to provide unearmarked multi-year funding, where possible, make sustained and predictable contributions to UNRWA in line with the recommendations made at the World Humanitarian Summit and disburse their contributions early in the year, when feasible.

Annex I

**Pledges to the Agency's programmes in the first half of 2019
(in cash and in kind) as at 22 August 2019, by value
of contribution**

(United States dollar equivalent)

<i>Donor</i>	<i>Total</i>
European Union (including Directorate-General for European Civil Protection and Humanitarian Aid Operations)	106 435 096
Germany	100 835 948
United Kingdom	74 942 089
Sweden	64 046 240
United Arab Emirates	51 800 000
Japan	32 023 512
Norway	28 217 581
Switzerland	23 743 754
Qatar	21 000 000
France	20 808 646
Canada	18 618 549
Australia	13 853 706
Denmark	10 724 072
Turkey	10 000 000
Belgium (including regional government of Flanders)	7 424 390
Ireland	5 681 818
Luxembourg	5 681 818
Finland	5 574 136
Spain (including regional governments)	5 321 640
Italy	5 048 661
India	5 000 000
Kuwait	5 000 000
Austria	2 637 829
Jordan	2 293 942
State of Palestine	2 192 731
Saudi Arabia	2 036 960
Russian Federation	2 000 000
New Zealand	1 682 350
Afghanistan	1 000 000
China	1 000 000
Indonesia	1 000 000
Oman	717 764
Poland	521 812
Estonia	318 440
Syrian Arab Republic	280 772
Pakistan	250 000

<i>Donor</i>	<i>Total</i>
Iceland	238 137
Lebanon	231 244
Republic of Korea	198 181
Malta	114 155
Cyprus	114 000
Monaco	113 766
Liechtenstein	97 943
Slovenia	57 078
Kazakhstan	50 000
Netherlands	37 221
Slovakia	33 445
Lithuania	33 370
Guyana	20 000
Philippines	20 000
Portugal	20 000
Total	641 092 797

Annex II

Pledges to the Agency's programmes in 2018 (cash and in kind), by value of contribution, as at 31 December 2018

(United States dollar equivalent)

<i>Donor</i>	<i>Total</i>
European Union (including Directorate-General for European Civil Protection and Humanitarian Aid Operations)	178 989 326
Germany	177 439 447
Saudi Arabia	159 956 771
United Kingdom	92 754 569
Sweden	64 999 762
United States	60 429 282
United Arab Emirates	53 800 000
Qatar	51 499 779
Kuwait	50 000 000
Japan	44 999 224
Norway	36 278 753
Switzerland	27 828 599
Canada	26 746 123
Netherlands	22 677 756
Spain (including regional governments)	19 055 991
Turkey	18 774 000
Italy	17 090 974
Australia	16 017 103
Belgium (including regional government of Flanders)	15 498 794
France	15 261 693
Denmark	14 475 903
Ireland	10 815 862
Luxembourg	5 757 296
Finland	5 490 921
Jordan	5 181 523
India	5 000 000
State of Palestine	4 231 942
New Zealand	2 741 100
China	2 350 000
Russian Federation	2 000 000
Austria	1 639 518
Republic of Korea	1 608 850
Oman	667 782
Poland	583 243
Iceland	521 653
Syrian Arab Republic	518 965
Mexico	500 000

<i>Donor</i>	<i>Total</i>
Estonia	339 829
Malaysia	268 008
Lebanon	255 885
Pakistan	250 000
Czechia	240 588
Liechtenstein	214 362
Azerbaijan	200 000
Indonesia	200 000
Malta	182 654
Portugal	138 611
Cyprus	120 000
Holy See	100 000
Kazakhstan	100 000
Slovakia	95 858
Bulgaria	81 585
Slovenia	79 800
Chile	62 500
Monaco	60 386
Bangladesh	50 000
Romania	50 000
Thailand	40 000
Lithuania	24 540
Latvia	11 364
Total	1 217 348 477
