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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 2021 and a detailed outline of the current financial situation of the Agency. The Working Group adopted the report at its meeting on 24 August. As in previous reports of the Group, the present report closes with concluding remarks addressed to all Member States.

* [A/76/150](#).



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 until 30 June 2023 in its resolution [74/83](#), in which the Assembly affirmed the necessity of the continuation of the work of UNRWA pending the just resolution of the question of the Palestine refugees.
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 at all sessions that have followed, the General Assembly has considered the reports submitted to it by the Working Group (in 2020, [A/75/196](#)) 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 [75/94](#)).

II. Background

5. UNRWA was entrusted by the international community with the responsibility to provide core services, protection and humanitarian assistance 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 5.7 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, and with the facilitation and support of host Governments and donors, UNRWA has been serving Palestine refugees in the Gaza Strip and the West Bank, including East Jerusalem, as well as in Jordan, Lebanon and the Syrian Arab Republic. Currently, its almost 29,000 staff members provide vital humanitarian assistance and human development services to Palestine refugees registered with the Agency. The Agency plays an important role in contributing to regional stability, to efforts to foster peace and security and to the mitigation of violent extremism in the Middle East region. UNRWA 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 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, held in Istanbul, Turkey, in May 2016.

III. Field of operations of the Agency

10. In 2020, 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 Palestine refugees. UNRWA provided over 5.7 million primary health-care consultations, education for 533,342 children (2019/20 academic year), social safety net assistance (including cash and food) for over 390,000 individuals, technical and vocational education and training for 8,270 youth (2019/20 academic year) and microfinance loans for 21,339 people, including 8,200 Palestine refugees. In addition, 1,082 shelters were rehabilitated or constructed in accordance with Agency protection and safety standards, and UNRWA either constructed, upgraded or reconstructed three health centres and 13 schools. Protection assistance was 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 more than 1.4 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 fifteenth 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. This situation has been compounded by the ongoing Palestinian division, affecting the Palestinian government's ability to perform its duties in the Gaza Strip, which remains under Hamas control. UNRWA is expected to continue to provide emergency food assistance to approximately 1.2 million Palestine refugees in 2021, more than half of the total population of Gaza. The Working Group is concerned about the increase in financial costs resulting from the Israeli closures and security procedures related to access to, and the monitoring of all of 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 in the West Bank, currently numbering more than 870,000 persons registered with the Agency's field of operation there. 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. The total amount of value added tax due to the Agency from the Palestinian Authority Ministry of Finance as at 31 December 2020 with respect to services and goods procured for the West Bank and Gaza stood at \$100.8 million, remaining almost the same as the amount due from the Palestinian Authority as at 31 December 2019.

13. In the Syrian Arab Republic, the conflict continues to take a dramatic toll on Palestine refugees. In January 2021, it was estimated that 40 per cent of the approximately 438,000 Palestine refugees remaining in the country remained displaced, with two thirds of them having been displaced at least once since the beginning of the conflict. Approximately 45,000 had fled from the Syrian Arab Republic to Jordan and Lebanon. 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 475,000 Palestine refugees are currently registered in Lebanon, not including those who have arrived from the Syrian Arab Republic. Refugees there 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, and in addition to the current acute economic and social crisis in Lebanon, the Agency's services are seen as a lifeline for the Palestine refugees there. 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 2.3 million Palestine refugees within its borders, living standards are relatively favourable, even though many continue to face hardship and increased poverty. The situation of refugees from the Syrian Arab Republic, including some Palestine refugees from that country, continues to pose challenges for both the host Government and those seeking assistance.

IV. Structure of the Agency

16. The Agency's core operations are captured 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 UNRWA activities and programmes.

17. UNRWA has a single integrated budget framework: its programme budget, funded predominantly through voluntary, unearmarked contributions from Member States and other donors; project funds for specific, time-bound activities, resourced 100 per cent by voluntary earmarked contributions; and the non-core sources of funding from 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 Jordan, Lebanon and the Syrian Arab Republic through the emergency appeal for the Syrian Arab Republic regional crisis, as part of the Syria Humanitarian Assistance Response Plan. The UNRWA response to the coronavirus disease (COVID-19) pandemic showcased the Agency's strength as a frontline service provider. This response was facilitated through dedicated COVID-19 response flash appeals, underpinned by the Agency's core infrastructure and staffing.

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

V. Financial situation of the Agency

20. The Agency's funding situation, which has steadily deteriorated over the past several years, reached a new critical point in 2020. The programme budget in 2020 was set at \$806 million, representing an increase of \$56 million from the 2019 budget of \$750 million. This was necessitated by staff salary increases; the Agency's need to invest in infrastructure, which had been neglected amid the previous years of financial difficulties; and a recognized increase in Palestine refugee needs and costs, which had

previously been managed within zero growth budgets. UNRWA also budgeted \$155 million for the emergency appeal for the Occupied Palestinian Territory and \$270 million for the emergency appeal for the Syrian Arab Republic regional crisis. In addition, UNRWA announced a \$152 million flash appeal to cope with the additional humanitarian demands arising from the COVID-19 situation in the region, bringing the total requirements in 2020 to \$1,383 million.

21. Total donor contributions in 2020 across all funding portals amounted to \$957 million, including \$75.6 million from the COVID-19 flash appeal. This amount fell short of the \$969 million realized in 2019 and was \$596 million short of the Agency's programme budget, emergency appeal and project requirements in 2020.

22. In 2020, the Agency remained under imminent threat of a cash-flow crash, leading to a constant struggle to maintain all its critical services for Palestine refugees. From September, payments to suppliers were delayed. Critical operations were only sustained through a \$20 million loan from the Central Emergency Response Fund and some additional funding from donors, including frontloading of planned funding for 2021. Staff salary payments were partially deferred for the final two months of the year. While this solution enabled essential services to continue and critical needs to be covered, it was extremely unsettling for UNRWA staff. The Agency carried forward around \$75 million in liabilities into 2021 in the programme budget.

23. Underfunding in 2020 continued to have a major impact on the Agency's operations. Programme budget shortages resulted, for example, in: (a) the continued application of a ceiling of 50 students per class in UNRWA schools; (b) the suspension of plans to lift the cap on the social safety net programme, which has been in force since 2013; (c) a further delay to capital investment, such as in the Agency's fleet of vehicles, information technology equipment and software; and (d) continued neglect with regard to essential maintenance works, which risks greater future expense.

24. UNRWA is grateful to Jordan and Sweden, whose Ministers for Foreign Affairs co-convened an extraordinary virtual ministerial pledging conference on 23 June 2020, which resulted in additional confirmed contributions of around \$75 million. Additionally, the Ministers went on to co-convene a virtual strategic dialogue in November 2020 on the Agency's precarious financial situation. The meeting produced agreement among attendees to use the influence of their high-level offices as a positive agent for furthering financial and political commitment to UNRWA.

25. The programme budget for 2021 stands at \$806 million, representing zero growth from the previous year. To deliver its critical humanitarian services in 2021, including emergency assistance to over 1.5 million Palestine refugees affected by humanitarian crisis, an additional \$549 million has been planned through the emergency appeal funding portals. This planned amount is in response to the protracted humanitarian situations in the Occupied Palestinian Territory and the Syrian Arab Republic, the more recent impacts of COVID-19 in all fields and the economic crisis in Lebanon. In response to the violence of May 2021 in Gaza and mounting tensions in the West Bank, UNRWA also issued a 30-day flash appeal for \$38 million. In June, UNRWA launched a \$164 million (updated) humanitarian and early recovery appeal, which incorporates the immediate emergency response actions, as well as early recovery needs until 31 December 2021.

26. On the basis of current income predictions, UNRWA is facing an end-of-year programme budget shortfall of \$100 million in 2021.

27. A positive development is the financial and political re-engagement of the United States, including its announcement in April 2021 on the recommencement of funding to UNRWA, amounting to \$150 million, of which \$89 million is for the programme budget. Some of the United States funding was also directed towards the

emergency appeals in response to dire humanitarian challenges in the Syrian Arab Republic, the West Bank, including East Jerusalem, and Gaza. This funding has been critical in averting the risk of pipeline breaks in the delivery of life-saving humanitarian assistance. In May, the United States provided nearly \$33 million in humanitarian assistance to UNRWA for the flash appeal and in July it announced a further \$135.8 million to support the core budget of UNRWA.

28. It is essential that UNRWA receive the support necessary to address its immediate and severe financial situation in 2021. It is equally vital that the longer-term challenges of recurrent cash-flow crises be addressed. To this end, the Ministers for Foreign Affairs of Jordan and Sweden are planning to co-convene an international conference on UNRWA, the aim of which is to achieve a collective agreement among Member States to provide UNRWA with an agreed path to stability and sustainability, which will enable the Agency to effectively implement its mandate from the General Assembly.

29. The Agency has been pursuing other avenues to secure innovative, new and sustainable sources of funding. UNRWA has been in discussion with the World Bank to establish a multi-donor trust fund to support the UNRWA education programme. This discussion remains on hold, pending opportunities to re-engage. Members of the Organization of Islamic Cooperation established a waqf development fund for UNRWA, administered by the Islamic Development Bank (IsDB). The aim of the fund is to generate a sustainable source of contributions to the UNRWA regular budget in the form of profits generated by an investment portfolio as a long-term investment strategy that could yield future income for UNRWA. While the waqf has been launched, inter-institutional delays have unfortunately prevented full implementation to date and UNRWA awaits further review of the implementation and partnership arrangement by IsDB before further progress can be made. UNRWA has invested in digital and individual fundraising as both an advocacy and a fundraising tool to diversify resource mobilization. Investment by UNRWA in digital platforms, including through improved website design, technical support and online marketing, resulted in an increase in digital funding. Online fundraising for numerous campaigns has proved to be successful. In particular, the online Ramadan campaign of April and May 2021 generated over \$1.5 million, including zakat donations. UNRWA would like to develop private sector income further and hopes to exceed its target of 2.5 per cent of total contributions from the private sector.

30. UNRWA continues to maintain a selective approach to its national committees, aligning advocacy and fundraising messages tailored to local populations in two locations – the United States and Spain – owing to a lack of resources. In 2020, they raised \$4.7 million in private donations despite the challenges resulting from the COVID-19 pandemic. Including funds mobilized from the regional governments in Spain, the national committees raised close to a total of \$11 million in 2020.

31. In his report of 30 March 2017 ([A/71/849](#)), the Secretary-General urged the General Assembly and its relevant Committees to consider potentially increasing the support provided to UNRWA from the United Nations regular budget as a means to ensure that the Agency's funding was sufficient, predictable and sustained for the duration of its mandate. The proposed programme budget for 2022 contains a proposal regarding 43 staff posts to be funded under the regular budget following the recommendation of the Advisory Committee on Administrative and Budgetary Questions in 2020.

2020 shortfall timeline

<i>Date</i>	<i>Event</i>	<i>Shortfall (millions of United States dollars)</i>
31 January	Funding gap announced based on the total budget requirement less confirmed pledges	573
30 May	\$163 million in pledges confirmed before the pledging conference	410
23 June	\$75 million confirmed during the pledging conference	335
30 August	Funding requirement announced for September to December 2020	200
30 November	Funding requirement announced during the meeting of the Advisory Commission	114
31 December	Unpaid liabilities and loans carried over to 2021	75

VI. Conclusions and recommendations

32. 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.

33. The Working Group expresses its serious concern about the large funding gap affecting the Agency's programme budget in 2021, and, without prejudice to General Assembly resolution 302 (IV) and subsequent resolutions renewing the mandate of UNRWA, and any future budget assessments to be made by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, 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.

34. The Working Group welcomes the Agency's continued and far-reaching reforms, but acknowledges that the current reforms in themselves will be insufficient to solve the problems related to its deficit and encourages the Agency to make further efforts to continue its reform initiatives.

35. 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 UNRWA under very difficult operational circumstances.

36. The Working Group strongly urges all Governments to bear in mind the foregoing considerations when deciding on the level of their contributions to UNRWA for 2021.

37. Consistent with the report of the Secretary-General 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 UNRWA, 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 is highly encouraged. Government contributions should keep pace with the requirements of the Agency, while taking 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 for the measures it has taken to increase its transparency through its reporting to the International Aid Transparency Initiative, and encourages the continued implementation of those measures and continued efforts by UNRWA in that regard;

(c) Takes note of the recommendations contained in the report of the Secretary-General of 30 March 2017 (A/71/849) and all resolutions related 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 Agency programmes in 2021 (in cash and in kind), by value of contribution, as at 10 August 2021

(United States dollar equivalent)

<i>Donor</i>	<i>Total</i>
United States of America	318 400 000
Germany	109 690 083
Sweden	51 430 639
Japan	46 253 906
Switzerland	28 085 198
Canada	27 614 551
France	25 996 835
Norway	23 551 308
United Kingdom of Great Britain and Northern Ireland	22 340 332
Denmark	18 750 874
Netherlands	15 240 328
Italy	11 866 250
Turkey	10 106 384
Belgium (including government of Flanders)	8 656 615
Ireland	8 379 113
European Union	8 358 002
Finland	7 302 237
Luxembourg	5 375 631
India	5 000 000
Spain (including regional governments)	4 042 584
Austria	2 743 477
Jordan	2 589 205
Russian Federation	2 000 000
Australia	1 549 187
Republic of Korea	1 190 230
State of Palestine	1 059 347
China	1 000 000
New Zealand	714 100
Lebanon	503 469
Estonia	453 860
Syrian Arab Republic	418 635
Iceland	360 460
Oman	316 422
Poland	259 491
Romania	178 998
Brunei Darussalam	114 712
Liechtenstein	112 360
Malta	60 370

<i>Donor</i>	<i>Total</i>
Kazakhstan	50 000
Philippines	50 000
Thailand	40 000
Latvia	20 156
Portugal	20 000
Maldives	1 000
Total	772 246 348

Note: As an additional effort to ensure financial transparency, and pursuant to the Agency's commitment to the 2016 Grand Bargain, UNRWA publishes financial data on public domains, in line with the standard of the International Aid Transparency Initiative. Information on funding is available at www.unrwa.org/donor_resource, and data on contributions are available at www.unrwa.org/how-you-can-help/government-partners/funding-trends.

Annex II

Pledges to Agency programmes in 2020 (in cash and in kind), by value of contribution, as at 31 December 2020

(United States dollar equivalent)

<i>Donor</i>	<i>Total</i>
Germany	210 384 339
European Union	157 059 235
United Kingdom of Great Britain and Northern Ireland	64 129 434
Sweden	60 420 012
Japan	33 080 021
Switzerland	29 529 812
Saudi Arabia	28 933 333
Norway	27 887 600
Canada	24 083 407
France	22 986 067
Netherlands	22 130 814
Turkey	20 561 025
Italy	17 714 100
Denmark	15 717 155
Spain (including regional governments)	14 358 262
Belgium (including government of Flanders)	13 203 288
Finland	10 352 571
Ireland	8 933 341
Australia	8 393 204
Qatar	8 000 000
Jordan	7 392 615
Luxembourg	5 572 075
Austria	5 049 507
India	5 000 000
State of Palestine	4 186 174
China	3 291 904
Russian Federation	2 000 000
Republic of Korea	1 164 611
United Arab Emirates	1 000 000
Poland	792 645
Mexico	750 000
Monaco	616 748
New Zealand	595 300
Syrian Arab Republic	457 279
Oman	432 637
Iceland	315 039
Estonia	308 911
Azerbaijan	300 000

<i>Donor</i>	<i>Total</i>
Czechia	231 547
Lebanon	224 931
Indonesia	200 000
Cyprus	168 000
Malaysia (including Zakat Pulau Pinang)	133 347
Brunei Darussalam	114 712
Liechtenstein	103 093
Kazakhstan	100 000
Malta	83 910
Portugal	81 350
Bulgaria	77 263
Brazil	75 000
Thailand	70 000
Lithuania	54 289
Slovenia	54 289
Bahrain	50 000
Bangladesh	50 000
Viet Nam	50 000
Greece	44 867
Romania	44 300
Latvia	20 812
Egypt	20 000
Holy See	20 000
Slovakia	16 797
Pakistan	13 690
Total	839 184 660

Note: As an additional effort to ensure financial transparency, and pursuant to the Agency's commitment to the 2016 Grand Bargain, UNRWA publishes financial data on public domains, in line with the standard of the International Aid Transparency Initiative. Information on funding is available at www.unrwa.org/donor_resource, and data on contributions are available at www.unrwa.org/how-you-can-help/government-partners/funding-trends.