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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 2020 and a detailed outline of the current financial situation of the Agency. The Working Group adopted the report at its meeting on 24 August.^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 dissociated itself from the present report.

* [A/75/150](#).



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. Sinirlioglu.
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 2019, [A/74/337](#)) 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 [74/85](#)).

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 5.6 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 30,000 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 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 in May 2016.

III. Field of operations of the Agency

10. In 2019, 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. UNRWA provided over 8.7 million primary health care consultations, education for 532,857 children (2018/19 academic year), social safety net assistance (including cash and food) for over 254,000 individuals, technical and vocational education and training for 7,557 youth (2018/19 academic year) and microfinance loans for 35,576 people, including 13,138 Palestine refugees. In addition, 3,108 families benefited from shelter rehabilitation or construction assistance and, in accordance with Agency protection and safety standards, UNRWA either constructed, upgraded or reconstructed 12 health centres and 101 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 1.4 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 fourteenth 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. UNRWA is expected to continue to provide emergency food assistance to approximately 1 million Palestine refugees in 2020, 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 850,000 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 with respect to services and goods procured for the West Bank and Gaza stood at \$100.8 million (unaudited as at 28 June 2020), slightly higher than the amount due from the Palestinian Authority in the prior year (\$100.6 million).

13. In the Syrian Arab Republic, the conflict continues to take a dramatic toll on Palestine refugees. In January 2020, it was estimated that some two thirds of the approximately 438,000 Palestine refugees remaining in the country had been displaced at least once and around 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, 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 the 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 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 States Members of the United Nations 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.

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. Contributions in 2019 were \$215 million lower than they had been in 2018. However, at the end of December 2019, UNRWA was able to report that the minimum requirement of \$167 million had been received. The Agency was still left with deferred payments to vendors of \$25 million and a Central Emergency Response Fund loan of \$30 million, both of which had to be carried forward into 2020. The year thus began with a deficit of \$55 million, while other uncovered amounts were accounted for by internal financial control measures and underspending on services in 2019.

21. UNRWA is facing an even more difficult financial situation in 2020. The 2020 programme budget to deliver the Agency's regular programmes stands at \$806 million. An additional \$425 million is required to provide emergency assistance to over 1.5 million Palestine refugees affected by the humanitarian crisis in the Occupied Palestinian Territory and the Syrian Arab Republic. As at 12 August, the programme budget was 53 per cent funded, the emergency appeal for the Occupied Palestinian Territory was 50 per cent funded and the emergency appeal for the Syrian Arab Republic regional crisis was 39 per cent funded.

22. The \$55 million shortfall at the end of 2019, leading to the carryover of deferred payments to vendors and outstanding loan repayments, combined with increased global political and financial uncertainty, has necessitated the adoption of restrictive financial controls. Starting in January 2020, the Agency allotted only 90 per cent of its total agreed budget for the year. That allotment has been immensely difficult to maintain, given the Agency's predominantly fixed costs: 81 per cent of the programme budget is applied to the salaries of UNRWA staff, including teachers, doctors and other direct service providers.

23. The financial difficulties already faced by the Agency at the start of 2020 have been further exacerbated by the new challenges posed by the coronavirus disease (COVID-19). The Agency faces a daunting challenge to find adequate financial resources during a significant global economic downturn that has affected all communities, all countries and all regions, including major UNRWA donors. Palestine refugees, already affected by 70 years of displacement and, in many cases, multiple displacements, are among the most vulnerable in the region. It is likely that the incidence of poverty has increased further, adding to the pressure on UNRWA services. There is a looming risk of a major health emergency should a major outbreak occur in Palestine refugee communities. UNRWA has actively engaged with its partners, including host authorities, to ensure that such an emergency does not happen, through the innovative provision of services, including the development of alternative learning approaches, the home delivery of food and the practice of telemedicine, as well as awareness-raising and active prevention activities carried out in coordination with host authorities. The COVID-19 strategic preparedness and response plan for UNRWA issued in March 2020 was aimed at strengthening preventive measures to reduce the risks of transmission of COVID-19 in Agency offices and institutions and enabling it to respond effectively and in a timely manner. Overall, COVID-19 has significantly increased the Agency's operational costs. In addition to the increasing needs of Palestine refugees as a result of the situation, innovative approaches to maintaining continuity of services, while minimizing transmission risks, have an impact on costs. In March 2020, the Agency launched a COVID-19 flash appeal, to raise an additional \$14.1 million to cover immediate needs in the areas of health, hospitalization, sanitation and emergency education. Donor support was strong, and those immediate needs were fully funded. In May, UNRWA revised and expanded its flash appeal to \$93.4 million, to cover more far-reaching objectives, including socioeconomic support and enhanced protection activities until the end of July. As at 12 August, the updated appeal was 63 per cent funded. The requirements set out in the appeal were informed by the field-level inter-agency humanitarian appeals led by the Office for the Coordination of Humanitarian Affairs and the World Health Organization.

24. UNRWA continues to emphasize international collective action as a platform for addressing its financial difficulties. On 22 April 2020, a strategic dialogue was jointly convened online by the Ministers for Foreign Affairs of Jordan and Sweden. As an agreed outcome of the strategic dialogue, an extraordinary ministerial pledging conference was convened online on 23 June, entitled "A strong UNRWA in a challenging world: mobilizing collective action". During the strategic dialogue, the

Commissioner-General referred to the overwhelming support shown by the General Assembly in extending the Agency's mandate in December 2019 and appealed to Member States to translate that support into matching resources through a compact with UNRWA. Such a compact would be aimed at enhancing the predictability and amount of contributions. Conference participants were asked to bridge the critical resource gap for 2020 and to commit to multi-year funding until the end of 2022, when the Assembly would next take action on the Agency's mandate.

25. During the online pledging conference, the Agency's partners pledged \$130 million. The conference was also aimed at increasing responsibility-sharing within the international donor community and among the 34 emerging donors who attended the meeting and who pledged an additional \$6 million.

26. In response to the report of the Secretary-General of 30 March 2017 (A/71/849), in which he made recommendations aimed at ensuring predictable, sustained and sufficient financing of UNRWA, the Agency has been pursuing other avenues to secure innovative, new and sustainable sources of funding.

27. Members of the Organization of Islamic Cooperation have established a waqf development fund, or endowment fund, for UNRWA, administered by the Islamic Development Bank. The fund is aimed at generating a sustainable source of contributions to the Agency's regular budget in the form of profits generated by an investment portfolio. Turkey has since committed \$1 million to the fund. UNRWA has invested in digital fundraising, as both an advocacy and a fundraising tool, to diversify resource mobilization. UNRWA investment in digital platforms in the second half of 2019, including through improved website design and technical support, resulted in an increase in digital funding of 41 per cent between 31 May 2019 and 31 May 2020. To date, UNRWA has secured, or is in the process of signing agreements worth, over \$1 million from four private corporations and foundations in the Gulf region.

2019 shortfall timeline

<i>Date</i>	<i>Event</i>	<i>Shortfall (Millions of United States dollars)</i>
1 January		211
30 June	Pledges amounting to \$60 million made at the annual pledging conference held in New York in June 2019	151
31 August	Additional pledges amounting to \$31 million made in August 2019	120
30 September	Additional pledges amounting to \$31 million made at the ministerial meeting held in New York in September 2019	89
31 December	Unpaid liabilities and loans carried over to 2020	55

VI. Conclusions and recommendations

28. 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.

29. The Working Group expresses its serious concern about the large funding gap affecting the Agency's programme budget in 2020, and, without prejudice to General Assembly resolution 302 (IV) and subsequent resolutions renewing the mandate of 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.

30. 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.

31. 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.

32. 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 2020.

33. Consistent with the report of the Secretary-General 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, including the pledges made at the ministerial pledging conference, held online on 23 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, 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 encourages the continued implementation of those measures and that UNRWA continue its efforts 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 2020 (in cash and in kind), by value of contribution, as at 12 August 2020

(United States dollar equivalent)

<i>Donor</i>	<i>Total</i>
European Union	150 741 940
Germany	120 170 623
United Kingdom of Great Britain and Northern Ireland	49 882 009
Sweden	49 405 512
Japan	26 135 945
Switzerland	25 459 420
France	22 720 226
Norway	20 650 067
Turkey	20 561 025
Denmark	15 618 945
Netherlands	14 348 786
Italy	12 801 881
Qatar	8 000 000
Finland	7 853 084
Ireland	7 726 689
Spain (including regional governments)	7 569 196
Belgium (including regional government of Flanders)	7 055 684
Luxembourg	5 572 075
Austria	5 043 298
India	5 000 000
Australia	2 480 418
Jordan	2 202 768
State of Palestine	2 118 151
Russian Federation	2 000 000
Saudi Arabia	2 000 000
Canada	1 088 534
United Arab Emirates	1 000 000
Republic of Korea	864 611
New Zealand	595 300
Monaco	473 218
Oman	432 637
Iceland	315 039
Estonia	308 911
Azerbaijan	300 000
Poland	252 921
Indonesia	200 000
Cyprus	168 000
Lebanon	135 248

<i>Donor</i>	<i>Total</i>
Malaysia	120 000
Brunei Darussalam	114 712
Liechtenstein	103 093
Kazakhstan	100 000
Bulgaria	77 263
Brazil	75 000
Thailand	70 000
Lithuania	54 289
Malta	54 289
Slovenia	54 289
Bangladesh	50 000
Viet Nam	50 000
Syrian Arab Republic	47 310
Romania	44 300
Egypt	20 000
Portugal	20 000
Holy See	20 000
Slovakia	16 797
Pakistan	13 690
Total	600 357 195

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 2019 (in cash and in kind), by value of contribution, as at 31 December 2019

(United States dollar equivalent)

<i>Donor</i>	<i>Total</i>
Germany	169 924 991
European Union	131 742 673
United Kingdom of Great Britain and Northern Ireland	76 259 850
Sweden	64 544 971
United Arab Emirates	51 800 000
Saudi Arabia	49 536 960
France	45 924 606
Japan	43 438 361
Qatar	41 720 520
Norway	29 539 249
Switzerland	26 089 972
Netherlands	21 710 232
Canada	18 618 549
Italy	15 238 757
Australia	13 853 706
Belgium (including regional government of Flanders)	13 503 431
Turkey	11 099 308
Denmark	10 822 103
Spain (including regional governments)	9 216 072
Ireland	8 545 293
Finland	5 776 655
Luxembourg	5 681 818
Kuwait (including Zakat House of Kuwait)	5 197 035
India	5 000 000
Austria	4 826 499
State of Palestine	4 618 877
Jordan	3 818 077
Russian Federation	2 000 000
New Zealand	1 682 350
Brunei Darussalam	1 255 583
Indonesia	1 203 973
Afghanistan	1 000 000
China	1 000 000
Republic of Korea	786 260
Mexico	750 000
Oman	717 764
Syrian Arab Republic	527 924
Poland	521 812

<i>Donor</i>	<i>Total</i>
Iceland	362 906
Lebanon	324 436
Estonia	318 440
Pakistan	250 000
Malta	174 661
Czechia	130 747
Portugal	130 011
Malaysia	120 000
Cyprus	114 000
Monaco	113 766
Liechtenstein	97 943
Slovenia	57 078
Bahrain	50 000
Bangladesh	50 000
Kazakhstan	50 000
Thailand	40 000
Holy See	40 000
Slovakia	33 445
Lithuania	33 370
Romania	27 849
Greece	22 321
Guyana	20 000
Philippines	20 000
Chile	12 500
Maldives	1 000
Total	902 088 707

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.