



General Assembly

Distr.
GENERAL

A/67/382
24 September 2012

Original: English

Sixty-seventh session
Agenda item 52
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

Rapporteur: Andreas **Løvold** (Norway)

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 (UNRWA) describes the activities of the Group in 2012 and provides a detailed outline of the current financial situation of UNRWA. The Working Group unanimously adopted the report at its meeting on 11 September 2012. As in previous reports of the Group, the present report closes with a number of concluding remarks addressed to all Member States.

I. Introduction

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly under resolution 2656 (XXV) to study all aspects of the financing of the Agency. In that resolution, the Assembly requested the Working Group to assist the Secretary-General and the Commissioner-General of UNRWA in reaching solutions to the problems posed by the Agency's financial crisis. UNRWA was established under General Assembly resolution 302 (IV), and its mandate was renewed most recently by the Assembly in its resolution 65/98.
2. 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. The Working Group is currently chaired by Ertuğrul Apakan of Turkey.
3. At its twenty-fifth session and all those that followed, the General Assembly considered the reports submitted to it by the Working Group (in 2011, A/66/520) and adopted resolutions taking note with appreciation of the efforts of the Working Group (resolutions 65/272 and 66/74).

II. Activities of the Working Group in 2012

4. The first regular session of the Working Group was convened on 29 June 2012. The Working Group then met at the expert level at its second to fourth sessions, on 6 and 24 August and 5 September, and agreed on and adopted the present report on 11 September 2012. The Director of the UNRWA Representative Office in New York provided updates on the Agency's grave financial situation and the situation in the UNRWA fields of operation.

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

5. The Agency's cash and in-kind portions of the General Fund for the biennium 2012-2013 amount to \$1,330.2 million, of which the cash component for its programme requirements is \$653.1 million for 2012 and \$673.4 million for 2013. In addition, the programme budget for 2012 and 2013 includes in-kind assistance amounting to \$1.8 million and \$1.9 million, respectively. The cash budget of \$653.1 million for 2012 includes funding of \$30.5 million from United Nations assessed contributions to cover the cost of 146 international posts funded from the regular budget for the biennium 2012-2013. As at August 2012, UNRWA expected a cash deficit at year's end of \$50.6 million. With the expected cash deficit of \$50.6 million representing approximately one month's operating costs of \$52.0 million, the

Agency will not be in a position to fund the December 2012 payroll or other projected operational activities.

6. The Agency provided details to the Working Group on the extent and nature of the funding crisis that it faced and on the renewed efforts that it was making to address the issue. It expressed its deep gratitude to its donors for their generous contributions, particularly given the financial crisis worldwide. In 2011, generous donors came forward with substantial contributions, which allowed UNRWA to close its financial gap. Since approximately 80 per cent of the Agency's General Fund expenditure relates to staff costs, which tend to increase as the refugee population grows each year, and as a result of other cost factors, including salary increases comparable to those granted in the public sector in the host countries in which it operates, it has been difficult to reduce spending to meet short-term cash-flow requirements and the medium-term funding shortfall. As in 2011, the Agency has been warned that many of the traditional UNRWA donors would not be able to step in owing to their own budget constraints. This is of great concern to UNRWA, as it relies almost entirely on voluntary contributions to fulfil its mandate and meet the basic needs of a growing and increasingly marginalized Palestine refugee population, now numbering 4.8 million people. Higher and more predictable income remains essential if the Agency is to continue to provide services. Shortfalls have become structural, however, and have continued in 2012, making it an exceptionally difficult year financially. Increased funding is required, particularly during the first quarter of the year, when the inflow of donor contributions is traditionally low while the Agency's costs are structurally high and fixed. The Agency has renewed its appeals to donors to make additional efforts to fully fund the General Fund budget, recalling that UNRWA represents the principal source of basic services for the Palestine refugee population. The continuing commitment of the international community to the refugees remains essential in the absence of a just and durable solution to their plight and in the light of the continuing conflicts in the region, which have had devastating economic and social effects.

7. The Agency informed the Working Group that the lack of funding undermined access to and the quality of UNRWA services. It also jeopardized the ability of the Agency to fully implement the major management reforms begun in 2006 and continued under the "Sustaining change" initiative, in particular in the areas of health, education and social services. Building on these basic management reform and strategic planning measures, the Agency has focused its reform efforts over the coming years on improving the delivery of health, education and relief and social services and strengthening its resource mobilization and strategic communication capacity. UNRWA presented positive results in its health reforms through a "family health team" approach that improves the quality of medical services while reducing the per patient cost of primary care. The Agency will keep the Working Group informed of further improvements in efficiency and quality resulting from its health reforms and of progress made on reforms in the areas of education and relief and social services as they move from strategy development to implementation. In the current economic climate, UNRWA is aware of the need to address the shortfall through internal measures aimed at reducing or slowing expenditure. Despite the challenge of being without an enterprise resource planning data management system, the Agency embarked on an ambitious and extremely challenging plan to comply with the International Public Sector Accounting Standards (IPSAS) by the end of 2011. It managed to achieve this target two years ahead of the revised deadline set by the Secretary-General, making it the only agency in the United Nations to have made the accounting change without an enterprise resource planning system and with minimal cost implications, since the switch from the United Nations system accounting standards to IPSAS was made entirely with existing internal capacity.

8. The Agency informed the Working Group of the fundraising challenges that it faced, which included the need to: (a) increase the funds received from existing donors, as a priority, in order to maintain the requisite services provided under the Agency's General Fund, while expanding the donor base and increasing funding to projects and emergency appeals, including through partnerships with the private sector and foundations; (b) restore the financial health of the Agency by ensuring predictable and sustainable funding at appropriate levels; (c) re-establish an adequate working capital reserve; (d) communicate in a more strategic manner through the development of a stronger single corporate identity and make use of innovative technology; and (e) reorganize resource mobilization and strategic communications structures, so as to seize opportunities more systematically and market the Agency in a more proactive and creative way.

9. UNRWA updated the Working Group on some of the steps that it had taken to improve its strategic approach to resource mobilization in line with resolution 65/272, in which the General Assembly urged the Commissioner-General to continue the efforts to sustain and increase support of traditional donors and to enhance income from non-traditional donors. Seeking to enhance its partnership capacity with a range of governmental, non-governmental and private sector actors, in line with current global United Nations practices, the Agency has established a Partnership Unit based in the External Relations and Communications Department and adopted a resource mobilization strategy in 2011. As part of the strategy, the Agency has put in place action plans for countries with emerging markets, as well as individual philanthropists and other private partners, with a view to broadening the donor base further. This has already resulted in increased contributions from emerging markets and the private sector. In addition, the Agency reported the signing of eight new multi-year agreements for the General Fund in 2011 (with Australia, Belgium, Finland, the Netherlands, Switzerland, the United Kingdom, the European Commission and Flanders), as well as one multi-year agreement for the emergency appeal (with the United Kingdom). In 2012, the Agency signed three new multi-year agreements (with Australia, Luxembourg and the United Kingdom), which will provide further predictable funding.

10. The Agency's working capital, which had to be used in the past to compensate for shortfalls of income against expenditure, is now virtually exhausted. The working capital according to IPSAS as at 1 January 2012 was estimated at \$9.2 million (less than one week's expenditure). If the forecast cash deficit of \$50.6 million were to materialize at the end of 2012, UNRWA would be faced with a working capital deficit of about \$60 million. It is therefore urgent that the Agency's working capital reserve be replenished as a matter of high priority. Given its cost structure, unpredictable funding environment and reliance on voluntary contributions, UNRWA estimates that, to be in line with common best practices in the public and private sectors, it would be prudent to maintain cash balances equivalent to at least three months' estimated requirements. With a monthly cash outflow of about \$52 million (comprising \$40.1 million in staff costs and \$11.9 million in non-staff costs) and an expected working capital deficit of approximately \$60 million, an injection of about \$146 million in working capital is required to create a safety cushion for the Agency's finances.

11. The capital requirements of UNRWA programmes, as well as expenditure related to environmental health improvements and shelter rehabilitation, are contained mainly in the Agency's project budget. These requirements include the construction and expansion of schools, health centres and water and sanitation facilities and camp improvement activities in general. The project budget was set at \$358.9 million for 2012, of which \$91 million (26 per cent) had been pledged by donors as at 31 August 2012. Funds received amounted to \$31.9 million, leaving a deficit of \$267.9 million in terms of pledges and \$327.0 million in terms of contributions received. The Working Group is concerned about the inadequacy of project funding in view of the Agency's urgent need to construct new facilities and upgrade existing ones, which would enable it to meet the needs of a growing population, arrest the deterioration of old installations and deliver quality services to refugees.

12. The Agency expressed its concerns to the Working Group regarding the unfunded provision of severance payments, estimated to be \$404.4 million as at 31 December 2011 (an increase of \$74.4 million compared with \$330.0 million as at 31 December 2010) on the basis of the current costs and UNRWA Staff Regulations and Rules. If UNRWA is required to show greater flexibility in the efficient use of staff, funds sufficient to effect severance payments will be needed immediately. UNRWA, in the context of resolution 65/272 on the strengthening of its management capacity, thus wishes to bring to the attention of the General Assembly the need to identify potential sources of funding that could be made available to finance UNRWA severance payments, on a standby basis and if required.

13. The Working Group recalled its conclusions at its extraordinary meeting in June 2009 (see A/64/115), in which it highlighted the inadequacy of the current levels and scope of funding from the United Nations regular budget to meet contemporary demands on the Agency's management. Subsequently, the Secretary-General, in his report on strengthening the management capacity of UNRWA (A/65/705), proposed that funding for UNRWA from the regular budget be augmented on an incremental basis over the four succeeding bienniums, starting with an increase of \$5 million for the biennium 2012-2013. The General Assembly, in its resolution 65/272, stressed that approval of funding for the 2012-2013 and future bienniums, taking into consideration the recommendations in the report of the Secretary-General, was subject to justification in the context of the proposed programme budget for the relevant bienniums and consideration thereof by the Assembly. The Working Group welcomed the positive consideration by the Assembly of the request of the Secretary-General and the increase in funding from the regular budget by \$5 million.

14. As at 31 August 2012, the total amount of value added tax still due to the Agency regarding services and goods procured for the West Bank and Gaza was approximately \$67 million. This represents the largest amount ever owed by the Palestinian Authority to the Agency. The Working Group was also informed by UNRWA that it continued to be concerned about port and related transit charges and the financial burden caused by Israeli security procedures for humanitarian goods destined for the Agency and imported through Israel. The Government of Israel continued to impose transit charges on shipments entering the Gaza Strip, obliging UNRWA to pay \$344,744 in 2011. In the Agency's view, the charges are a direct tax from which it ought to be exempt under the 1946 Convention on the Privileges and Immunities of the United Nations. Owing largely to the closure of the Kami and Sofa crossings and the requirement from June 2007 to palletize all container shipments, the total additional cost borne by the Agency from 1 January 2011 to 31 August 2012 for the import of both construction and non-construction materials from Israel into Gaza amounted to \$8.5 million. Furthermore, the Agency considers that, for substantial periods, the throughput of goods was not consistent with the obligations of Israel under the Comay-Michelmores Agreement of 1967 and its obligations under international humanitarian law. In this regard, the Working Group calls upon all parties concerned to facilitate the mission of UNRWA to provide humanitarian assistance to the Palestine refugee population and to minimize the cost of providing such services.

15. To respond to the construction needs in the Gaza Strip, in particular the damage caused by the Israeli military operation that began in December 2008 and fighting in Gaza that continued until 18 March 2009, UNRWA, in March 2009, prepared a recovery and reconstruction plan that included the construction of 100 schools and 10,000 shelters in order to ensure universal access to education for refugee children and provide new shelters to those who had lost their homes or lived in unsafe and unhealthy conditions. The plan also involved building five health centres (four of which have already been completed) and critical water and sanitation infrastructure. The total cost of the plan is currently estimated at \$677 million and includes projects frozen since 2007. Those projects are essential for the rehabilitation and expansion of the Agency's education, health and sewage infrastructure, as well as for rehousing refugees who lost their homes and are living in unacceptable conditions. As at 31 August 2012, 86 UNRWA construction projects (49.64 per cent of the recovery and reconstruction plan) worth \$336 million had been approved. Of those, 52 of 74 school projects were approved. Another 28 UNRWA projects, worth \$79 million, were under the review of the Coordinator of Government Activities in the Territories, including the last housing project of the United Arab Emirates, frozen in 2007, water and sanitation infrastructure rehabilitation projects and 22 school projects. Of the 86 approved projects, 32 had been completed, while the remaining 54 were either ongoing (33) or due to be started (21) in 2012.

16. Concerning projects that were halted in 2007, UNRWA estimates that the implementation cost will be 30 per cent higher than the original budget. The continuing need to secure project-by-project approval for the necessary reconstruction materials, as well as the time involved in coordinating imports with Israeli authorities, costs UNRWA an estimated \$2.2 million per year. The distances and capacity constraints involved at Kerem Shalom have also led to additional transportation, storage, demurrage and palletization costs. The Working Group reiterates its concern about the lack of progress in lifting the remaining restrictions on and removing obstacles to the entry of materials resulting from capacity constraints at the crossing point and urges the Government of Israel to expedite its efforts to ease restrictions and increase the amount of goods entering Gaza. The Working Group once again stresses that progress is needed to address the overall situation in Gaza and underscores the importance of the full implementation of Security Council resolutions 1850 (2008) and 1860 (2009). Emphasizing the need to ensure the sustained and regular flow of goods and people through the Gaza crossings and the unimpeded provision and distribution of humanitarian assistance throughout Gaza, the Working Group highlights that the import restrictions render the population even more reliant on the Agency's services. The Working Group recognizes the vital role played by UNRWA in providing humanitarian and economic assistance in Gaza.

17. Despite some positive socioeconomic developments in the West Bank, the Palestinian population still suffers from the effects of the protracted conflict. Refugees, especially those living in camps, continue to suffer from the highest prevalence of food insecurity¹ and unemployment² and to face challenges in accessing education, health care and livelihood opportunities. Furthermore, the number of forcibly displaced families suffering from house demolitions or settler violence has increased significantly over the past year,³ especially in Area C. Movement and access restrictions continue to affect not only the life of Palestine refugees but also the ability of UNRWA to implement its programme effectively. Costs increase as staff are at times prevented from reaching their workplace, and UNRWA faces delays in gaining access to the areas where beneficiaries are located.

18. The Working Group noted that on 17 January 2012, UNRWA had launched an emergency appeal for \$300 million, of which 75 per cent would cover activities in the Gaza Strip and just under 25 per cent would cover activities in the West Bank. As a result of the funding shortfall under the emergency appeal in 2011 (only 49 per cent was funded) and in view of the expected shortfall for the appeal in 2012, UNRWA was compelled to prioritize and include its most urgent activities and to improve efficiency in the implementation of its emergency activities. In this context, UNRWA has had to cancel its 2012 summer camps in Gaza owing to a lack of funding. By 9 September 2012, UNRWA had received pledges totalling only \$127.9 million (42 per cent of the emergency appeal), which falls short of what is required to meet the basic needs of 2 million registered refugees (approximately half of the total population of Gaza and the West Bank), whose living conditions have continued to decline. Considering the deterioration of socioeconomic conditions in Gaza and the West Bank, the donor response to date has been disappointing. The lack of funding jeopardizes food aid, psychosocial assistance, job creation and cash assistance programmes, all of which are needed to mitigate the worst effects of the protracted crisis on poor families. The emergency programmes also address human rights through systematic monitoring and reporting of conditions, and it is important that this be continued.

19. The Agency also provided an update to the Working Group on the situation and financial challenges that it was facing in Lebanon. The fierce conflict between the Lebanese Army and a terrorist militant group known as Fatah al-Islam from May to September 2007 in the Nahr el-Bared refugee camp in northern Lebanon resulted in the destruction of the entire camp, leaving 26,000 people displaced and homeless. Severe damage was also caused to adjacent areas. The task of rebuilding the Nahr el-Bared camp and caring for the 26,000 displaced refugees was one of the largest ever undertaken by the United Nations. The majority of these displaced persons are still living in temporary accommodation. Most are renting their own accommodation, supported by UNRWA rental subsidies, while others are living in constructed temporary shelters or in collective centres leased by the Agency. Donors have responded relatively generously to six appeals launched so far by UNRWA to support those displaced. UNRWA will have to continue to provide relief support to the families displaced from the Nahr el-Bared camp until the full reconstruction of the camp is completed. The time frame for the progressive reduction and eventual cessation of this relief support is entirely conditional on the speed of progress in the reconstruction, which in turn depends largely on the availability of further donor funding.

20. At the donor conference for the Nahr el-Bared camp held in Vienna on 23 June 2008, organized together with the Government of Lebanon and the World Bank, a joint appeal was launched for \$445 million. The UNRWA component of the appeal for reconstruction, which is divided into eight phases, or "packages", amounted to \$348 million, including \$16 million for pre-reconstruction operations (rubble removal and demining). Including funds received through the World Bank-administered multi-donor trust fund, as at 31 August 2012, firm pledges totalled \$172 million. While the amount contributed to date is sufficient to cover the construction of residential and commercial units and related infrastructure outlined in packages 1 to 3 and most of package 4, as well as five out of six school buildings and one health centre within the UNRWA compound, the balance of \$176 million still needs to be raised to complete all eight packages (51 per cent of the total amount required). As at 31 August 2012, 431 families had received keys to their homes reconstructed under packages 1 and 2 and 86 shop owners had been able to return. It is expected that 592 families will have returned to their homes under package 2 by the end of 2012.

21. The Working Group encourages UNRWA to continue with its comprehensive camp improvement initiative, which seeks to upgrade living conditions in the other 11 Palestine refugee camps in Lebanon, a project fully supported by the Government. In December 2010, a socioeconomic survey of Palestine refugees in Lebanon conducted by UNRWA in partnership with the American University of Beirut revealed that two thirds of Palestine refugees in Lebanon were poor and 7 per cent were extremely poor. On the basis of those findings, in 2011 UNRWA developed a comprehensive response to address the issues of shelter, health, food security and unemployment, as described in its "Restoring dignity" appeal. Through the appeal, the Agency sought to mobilize resources for its urgent needs in Lebanon for 2012 and 2013, in particular for the relief, recovery and reconstruction support for the Nahr el-Bared camp. The appeal also highlights the investment needed in the 11 other

camps and gatherings in Lebanon between 2012 and 2016 in order to improve the living conditions and alleviate poverty among the Palestine refugee population. The Agency seeks assistance in the amount of \$30.2 million for Nahr el-Bared camp for 2012-2013 and \$116.3 million for the rest of the country for 2012-2016. While the Working Group welcomes the amendments to the labour and social code already agreed by the Lebanese Parliament in 2010, it urges the Lebanese authorities to fully implement those amendments. Full implementation would facilitate the access of Palestinian workers to the Lebanese labour market, pending a just and durable solution to the plight of Palestine refugees.

22. Since March 2011, the situation in the Syrian Arab Republic has presented new challenges for UNRWA. In response to the crisis, the Agency has been providing additional support to its beneficiaries, mainly through cash assistance and food aid, to approximately 103,500 of the 486,946 registered Palestine refugees in the Syrian Arab Republic. Needs are likely to grow. The Working Group takes note of the additional financial burden on the Agency and welcomes new funding for these activities that have so far been received from the United States of America, the Central Emergency Response Fund, the Emergency Response Fund and private donors. It also encourages other Governments to further assist the Agency with its increasing needs in the Syrian Arab Republic as identified by the Agency and as reflected in the United Nations humanitarian response plan. In total, the Agency's additional financial needs as a result of the crisis are approximately \$54 million for 2012 for the period from September 2012 to February 2013.

IV. Concluding remarks

23. The Working Group reiterates its belief that UNRWA plays a vital role in providing assistance to the Palestine refugees and in preserving the stability and security of the region. To assist in meeting this strategic goal, adequate funding of the Agency's programmes, in accordance with the changing needs of the refugee community and in line with the level of services provided by host authorities to their own citizens, is essential. In this regard, the Working Group welcomes the Agency's efforts to build on the reforms detailed in its "Sustaining change" plan, focus on implementing changes at the programme and management levels and pursue a more aggressive resource mobilization strategy.

24. The Working Group notes with grave concern the exceptionally large funding gap anticipated for the Agency's General Fund, not only in 2012, but also for 2013, and reiterates that it is above all the responsibility of the international community to ensure that the Agency's services are maintained at an acceptable level, in quantitative and qualitative terms, and that funding keeps pace with the changing needs and growth of the refugee population.

25. In addition, the Working Group notes with serious concern the structural nature of the Agency's financial crisis, whereby its General Fund is underfunded year after year, leading it to finance its annual deficit partly by spending its working capital, which is now virtually depleted. The Working Group welcomes the approval of the increase of \$5 million in funding from the United Nations regular budget, as recommended by the Secretary-General in his report on strengthening the management capacity of UNRWA (A/65/705) and endorsed by the General Assembly in its resolution 65/272. The Working Group reiterates its serious concern that if adequate resources are not provided to the Agency, not only will achievements from the comprehensive reforms of the Agency's work be put at risk, but the capacity of UNRWA to fully implement its mandate will also be jeopardized.

26. The Working Group recognizes the Agency's efforts to improve its efficiency and urges it to continue its management reform process in order to enhance its ability to efficiently utilize resources and implement change for more effective delivery of services to its beneficiaries. As recommended by the Advisory Commission at its most recent meeting, on 19 June 2012, the Working Group urges UNRWA to clearly and transparently prioritize cost reform activities, consider affordability and potential efficiencies before implementing any projects or decisions, and develop specific efficiency targets for each of its sectoral reform programmes. The Group also encourages UNRWA to continue to implement its resource mobilization plan for greater financial sustainability. The Agency's commitment to implementing its resource mobilization plan and achieving efficiency is a key element in addressing its financial issues, along with the commitment of donors to shouldering their share of the burden.

27. In view of the difficult humanitarian conditions in the occupied Palestinian territory, the Working Group recognizes the essential humanitarian role played by the Agency's emergency operations in alleviating the hardship of the refugees and in mitigating a further decline in their living conditions, particularly in times of increased instability and crisis. **It urges all potential donors, traditional and non-traditional, to redouble their efforts to fully respond to the Agency's emergency appeal for 2012.**

28. The Working Group reiterates its concern about the continued tight restrictions on the movement of UNRWA staff and humanitarian goods into and out of the occupied Palestinian territory, between Gaza and the West Bank and within the West Bank. It calls upon the Government of Israel to accord the Agency free and unfettered access and underlines the need to further simplify the approval process by which the Agency transports humanitarian materials into Gaza. The Working Group supports the further opening of Gaza crossings to allow the unimpeded flow of humanitarian aid, commercial goods and persons to and from Gaza, consistent with Security Council resolution 1860 (2009).

29. The Working Group commends the Commissioner-General and all UNRWA staff for their tireless efforts over the past year to maintain the regular and emergency services of the Agency under very difficult operational circumstances. In particular, it commends the Commissioner-General for the Agency's fundraising efforts and his commitment to keeping major donors and host authorities informed and involved, which has opened new avenues of support and funding. The Working Group is gratified by the increased General Fund contributions of a growing number of non-traditional donors, in particular Brazil, Kuwait, Saudi Arabia and Turkey, and encourages UNRWA to continue its efforts to widen its donor support base.

30. The Working Group calls for the early and complete fulfilment of outstanding donor pledges to UNRWA. It also takes note of the importance for the Agency's planning purposes of early payment of pledges, coupled, where possible, with multi-year funding commitments.

31. The Working Group continues to welcome the Agency's financial reforms and increased transparency, which have placed UNRWA at the forefront of the United Nations agencies implementing change as one of the few that have introduced a rigorous closure of monthly accounts, a step forward acknowledged by the Board of Auditors. The Working Group also commends the Agency for the implementation of the IPSAS accounting rules and takes note that the Agency's reports became IPSAS-compliant as from 1 January 2012.

32. The Working Group notes with concern the lack of funding for the Agency's projects, which constitute the third portal through which the Agency receives funding (along with the General Fund and emergency appeals). It encourages all Governments to increase their funding to all portals. In particular, the Working Group is alarmed by the inadequate funding of the reconstruction of the Nahr el-Bared camp in Lebanon, the Agency's largest project ever. The Working Group calls upon all donors, including countries in the Middle East region, to lend their full support to reconstruction and relief operations until the camp is rebuilt, since failure to do so risks having serious consequences for the security of refugees and the stability of Lebanon and of the region.

33. The Working Group reiterates that the humanitarian problems faced by the Palestine refugees today must be addressed as a shared international responsibility pending a just, final and comprehensive settlement of the Israeli-Palestinian conflict in accordance with international legality, including relevant United Nations resolutions. The services provided by UNRWA must be viewed as the minimum required to enable the refugees to lead healthy and productive lives. Any reduction in the services will not only unfairly deprive Palestine refugees of the minimum level of support to which they are entitled but could also have a destabilizing effect on the entire region. The Working Group expresses the hope that international support for UNRWA embodied in the resolutions adopted each year by the General Assembly, in which the Assembly recognizes the importance of the work of the Agency, will be translated into increased financial support to ensure the continuation of the Agency's work on a sound financial basis.

34. The Working Group strongly urges all Governments to bear in mind the foregoing considerations when deciding upon the level of their contributions to UNRWA for 2012 and 2013. The Working Group once again:

- (a) Urges those Governments that have not yet contributed to UNRWA to do so on a regular basis;
- (b) Urges Governments that have made only relatively small contributions or contributions that have not kept up with increased needs to raise the level of their support;
- (c) Urges Governments that in the past have made generous contributions to UNRWA to continue to do so in a timely manner and to strive to increase them;
- (d) Urges Governments that traditionally have shown special interest in the welfare of the Palestine refugees, both in the region and beyond, to contribute to UNRWA or to increase their existing contributions;
- (e) Urges Governments to fully fund the UNRWA budget for the biennium 2012-2013 to ensure that the real value of contributions to the Agency is maintained and that donor support for emergency-related and special projects does not in any way decrease contributions to the General Fund;

- (f) Urges donor Governments, where possible, to put in place increased multi-year funding to allow UNRWA to better plan its activities;
- (g) Encourages all Member States to consider the report of the Secretary-General (A/65/705) and all resolutions related to the financing of UNRWA;
- (h) Highlights the need to identify potential sources of funding to meet the severance payment obligations of UNRWA.

Notes

¹In 2011, food insecurity rates in refugee camps were reported at 29 per cent. Food and Agriculture Organization of the United Nations, UNRWA, World Food Programme and Palestinian Central Bureau of Statistics, “Socioeconomic and food security survey: West Bank and Gaza Strip, occupied Palestinian territory 2011” (2012).

²The unemployment rate of refugees was 5 percentage points higher than that of non-refugees during the second half of 2011. Salem Ajluni, “Labour market: West Bank, second half of 2011”, Briefing paper (UNRWA, 2012).

³In 2011, 1,094 Palestinians were displaced from their homes as a result of demolitions or evictions in the West Bank, including East Jerusalem, compared with 606 in 2010. Settler incidents with Palestinian casualties or damage to property increased by 32 per cent, compared with 2010. Office for the Coordination of Humanitarian Affairs, “The Monthly Humanitarian Monitor, December 2011”.
