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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Programme budget 2014-2015

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Chapter I Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established within the United Nations system as a subsidiary organ of the General Assembly by the Assembly in its resolution 302 (IV) of 8 December 1949 and became operational on 1 May 1950. It is one of the

largest United Nations programmes, with a population of 4.9 million Palestine refugees covered by its mandate in 2013. Since starting operations in 1950, UNRWA has adapted and enhanced its programmes to meet the increasingly complex needs of Palestine refugees and to provide them with a measure of protection and stability amid chronic conflict in the region, within available resources. It stands ready to continue to do so during the biennium 2014-2015 in accordance with the triennial mandate that it receives from the Assembly.

2. The mission of UNRWA is to help Palestine refugees to achieve their full potential in human development under the difficult circumstances in which they live, consistent with internationally agreed goals and standards. The Agency fulfils this mission by providing a variety of essential services within the framework of international standards to Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Among United Nations agencies, UNRWA is unique in delivering services directly to beneficiaries. The mandate of the Agency, which derives from the General Assembly and has evolved over time in response to developments in the operational context, extends at present to providing education; health care; relief and social services; microfinance and emergency assistance to Palestine refugees; infrastructure and camp improvement within Palestine refugee camps; and protection.

A. Context

3. The Middle East region, where UNRWA operates, is unstable and prone to outbreaks of conflict. Today, the Agency is facing quite unprecedented challenges in all of its fields of operation. It is no exaggeration to say that each and every field of operation is affected by crises of varying intensity, further straining the limited resources of UNRWA and therefore its ability to serve Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Access problems in the West Bank, the continuing blockade on Gaza, the conflict in the Syrian Arab Republic and its impact on Jordan and Lebanon, the serious financial constraints, and security concerns are only some of the difficulties the Agency is faced with on a daily basis. Despite these difficulties, UNRWA, which is seen by many as a stabilizing influence in this volatile region, is doing its utmost to continue providing essential, regular services directly to Palestine refugees.

4. The Agency has also provided emergency assistance to Palestine refugees in acute distress within its areas of operations as a result of armed conflict, including military operations, humanitarian access restrictions and prolonged economic hardship in several fields of operation. UNRWA will continue to provide such services, as necessary, as well as on an exceptional basis and as a temporary measure, to non-refugees currently displaced and in serious need of continued assistance, as mandated by the General Assembly in its resolution 2252 (ES-V) and most recently in resolutions [67/114](#) and [67/116](#).

5. UNRWA will also continue its efforts to mainstream gender and meet the needs of Palestine refugee children and vulnerable groups, and to develop further the Agency's protection, programming, operation and advocacy responses, thereby bringing UNRWA closer to fulfilling its obligations under relevant resolutions of the General Assembly, international human rights law, the Beijing Platform for Action, the Convention on the Rights of the Child, the Convention on the Rights of Persons with Disabilities and other applicable international instruments.

6. The core services UNRWA provides are comparable in nature and scope to those provided by a local or national government. With approximately 30,000 staff, most of whom are Palestine refugees themselves, the Agency is one of the largest employers in the Middle East. Over 480,000 children go to UNRWA schools, run by around 22,000 education staff. The 139 UNRWA health centres across the region received over 10 million patient visits last year. The Agency also assists close to 280,000 of the poorest and most vulnerable Palestine refugees, with additional assistance provided by a reformed Social Safety Net Programme targeting the poorest of the poor. Persons with other special needs, such as people with disabilities, also benefit from specialized services in the Agency's health centres. Gender continues to be mainstreamed into core programmes of UNRWA. The financial, operational, security and other challenges in providing these services on a regular and predictable basis are daunting.

7. In Gaza, where 70 per cent of its 1.6 million people are Palestine refugees, the violent conflict of November 2012 yet again aggravated the already dire situation of a vulnerable people who feel abandoned by the international community. Poverty is endemic; no less than two thirds of the Palestine refugee population is food insecure and requires food aid. The Gazan economy has been crippled by the blockade imposed six years ago. The draconian restrictions on the movement of people and goods in and out of Gaza paralyse economic activity, particularly exports which are virtually non-existent, deepen poverty and force Palestinians into even greater reliance on the international community. In addition to its regular services in Gaza that deliver education, health and relief services directly to the vast majority of Palestine refugees, UNRWA emergency programmes in Gaza include the creation of temporary jobs, provision of food aid, and other interventions including emergency health and education, and psychosocial support.

8. Despite the Agency's important accomplishments in mitigating the severe effects of conflict in Gaza, of the blockade, and of the rampant poverty, conditions of life in Gaza — already unacceptable — may worsen considerably in the medium term. A 2012 United Nations report entitled "Gaza in 2020: a liveable place?" set out in stark terms the future challenges in Gaza, which will come to pass in the absence of sustained and effective remedial action and an enabling political environment. UNRWA will have to provide services for an estimated additional 350,000 Palestine refugees by 2020. There will be virtually no reliable access to sources of safe drinking water. Standards of health care and education will further decline, and affordable and reliable electricity for all will have become a distant memory for most. The already high number of poor, marginalized and food-insecure people who are dependent on assistance will grow relentlessly. The burden on UNRWA and the international community will only rise.

9. In the West Bank, a regime of movement restrictions is stifling the normal economic activity of the Palestinian population. Continued settlement expansion and settler violence are having a serious impact on some of the more vulnerable beneficiaries of UNRWA, such as the Bedouin and Palestine refugee communities in the Jerusalem periphery. As a result of the movement restrictions and settlement expansion, Palestine refugees continue to be isolated from their land and places of work, from vital markets, and from essential services including hospitals and schools. The impact on Palestinians is severe, making many vulnerable communities even more reliant on UNRWA services.

10. The catastrophic conflict in the Syrian Arab Republic is progressively unravelling the fabric of the Palestine refugee community and exacerbating Palestine refugees' vulnerability. UNRWA now needs to assist the Palestine refugee population of 525,000 persons, including the 70,000 that are estimated to have fled to neighbouring countries, mostly to Lebanon. Many UNRWA installations have been damaged or destroyed in the Syrian Arab Republic. Six UNRWA staff have been killed since the start of the conflict in 2011, not to speak of the huge number of casualties among the rest of the population. In common with other United Nations agencies, UNRWA is seeking additional resources to meet the needs of the Palestine refugees arising from the emergency.

11. In Lebanon, Palestine refugees cannot work legally. Approximately 80 per cent of the 27,000 Palestine refugees from the Nahr el-Bared Camp destroyed in 2007 have not returned to their homes, and the number of persons fleeing the Syrian Arab Republic into Lebanon continues to increase, thereby heightening tensions in Lebanon's already overcrowded Palestine refugee camps, which are the only possible destination for most Palestine refugees. To the concern of the international community, the much-feared regional spillover of the Syrian conflict is apparently being realized in Lebanon, further threatening the fragile life of Palestine refugees from the Syrian Arab Republic.

12. In Jordan, thus far the most stable field of operations, mounting political tensions and the massive influx of Syrian refugees risk negative spillover effects on the large population of Palestine refugees (approximately 2 million registered with UNRWA). Poverty is rampant in Palestine refugee camps. Amidst these existing challenges in Jordan, UNRWA is also providing emergency assistance to Palestinian refugees displaced from the Syrian Arab Republic.

13. The direct services of UNRWA are critical for the well-being of Palestine refugees throughout the region, and if UNRWA's financial situation does not improve, the impact on its beneficiaries will be immediate and substantial. While the Agency's extrabudgetary contributions have risen gradually over the years, they have not kept pace with an increasing beneficiary population and rising operational costs.

B. Planning assumptions

14. UNRWA is almost entirely dependent on voluntary funding to implement its programmes. It has contended not only with chronic funding shortfalls, but also with acute funding uncertainties induced by economic and political volatility. The Agency will continue to seek the additional resources it needs to improve the

quality of services it provides to the Palestine refugees, while maintaining cost-conscious management and the operational flexibility required to respond to unforeseen disruptions to lives and livelihoods in Palestine refugee communities.

15. UNRWA fully recognizes that central to its commitment to address the needs of beneficiaries and address financial difficulties is a need for it to make substantial improvement in how it operates. UNRWA is proud of its continued efforts to enhance its effectiveness through reforms. Its current education reforms seek to improve the capacity of teachers to deliver quality education to Palestine refugee children, and to ensure that these children acquire the knowledge and skills they need to lead more secure and productive lives. In the Agency's health programme, a reform package introducing the Family Health Team approach was adopted in late 2011. The Family Health Team model provides comprehensive and holistic primary health care for the entire family, emphasizing long-term provider-patient/family relationships.

16. Furthermore, UNRWA is undertaking forward-looking steps in order to address the impact of poverty among Palestine refugees. The Relief and Social Services Programme is currently piloting a poverty alleviation initiative in Gaza based on voluntarism, youth mobilization and greater involvement of the community in fighting poverty. It must, however, be acknowledged that alleviating poverty among the Palestine refugee population would require a substantial investment — both financially and politically — by host countries and donors and the active involvement of partner organizations including other parts of the United Nations system.

17. Staff costs constitute the bulk of the UNRWA budget (see table 7 below). This is because the day-to-day direct delivery of services requires a large number of staff (some 30,000), including teachers, doctors, nurses, social workers and sanitation labourers. The UNRWA pay policy dictates that the Agency should pay salaries that are comparable to the salaries paid to public servants in the host country. Increases in public servant salaries in host countries, often granted to respond to increases in inflation and cost of living, result in higher costs for the Agency. Meanwhile, donor countries seek improved (or maintained) quality in services at reduced cost, where possible, while Palestine refugees need greater quality and increased breadth and depth of service. Consequently, UNRWA is faced with increasing demands and expectations from all of its primary stakeholders, amidst a constrained resource base and increasing operational costs.

18. The operating context in the Syrian Arab Republic has changed substantially since the 2012-2013 biennium plans were developed and the 2014-2015 fascicle was submitted. The 2014-2015 period is expected to be characterized by widespread instability, resulting in the continued substantial displacement of Palestine refugees and a deepening humanitarian crisis. Consistent with wider United Nations planning scenarios, UNRWA assumes that the current situation in the Syrian Arab Republic will continue or worsen through the planning horizon. There will be a significant and widespread shrinking of humanitarian space, with regular suspension of UNRWA services. However, the Agency will continue to have access to most of its facilities, focus on supporting the United Nations regional humanitarian response to the Syrian Arab Republic crisis, providing life-saving humanitarian assistance and ongoing UNRWA services to Palestine refugees inside the Syrian Arab Republic, while also continuing to advocate for their rights.

C. Budget structure

19. UNRWA reports directly to the General Assembly. Overall advice and support to the Commissioner-General of the Agency regarding UNRWA programmes and activities are provided by the Advisory Commission (comprising 25 members and 3 observers), which includes representatives of the Agency's major donors and host Governments. In its resolution 3331 B (XXIX), the Assembly decided that, with effect from 1 January 1975, the expenses for salaries of international staff in the service of UNRWA, which would otherwise be a charge on voluntary contributions, should be financed by the regular budget of the United Nations for the duration of the Agency's mandate (see also figure I).

20. The budget structure of UNRWA reflects the medium-term strategy for the period 2010-2015 and is based on the implementation plans prepared for each field and for UNRWA headquarters for the third biennium of the medium-term strategy. The chapters that follow and the expected accomplishments, indicators of achievement and measurements set out therein reflect UNRWA's ongoing commitment to results-based management.

21. The medium-term strategy identifies four human development goals for Palestine refugees, namely, to:

- (a) Have a long and healthy life;
- (b) Acquire knowledge and skills;
- (c) Have a decent standard of living;
- (d) Enjoy human rights to the fullest extent possible.

22. The Agency links financial resources to the above goals and the underlying framework of strategic objectives, outcomes and outputs.

23. In compliance with regulation 9.2 of the updated Financial Regulations of UNRWA, compliant with the International Public Sector Accounting Standards (IPSAS), effective 1 January 2012, the biennium budget is presented in accordance with modified cash basis — United Nations system accounting standards (UNSAS) — principles. For internal management purposes, the budget is also maintained to comply with IPSAS (accrual budgeting) principles, and therefore the 2014-2015 programme budget also includes one chapter, chapter IX, representing a reconciliation from IPSAS to UNSAS.

24. The following pages contain the summary tables and figures listed below:

Figure I: an organizational chart of UNRWA broken down by department and area of operations showing the number of international and area staff located in each field office/department.

Table 1A: a summary of the programme budget for the biennium 2014-2015 broken down by human development goal and other requirements under the regular budget and the project budget.

Table 1B: a summary of the programme budget for the biennium 2014-2015 broken down by programme and other requirements under the regular budget and the project budget.

Table 2 and figure II: a breakdown of the regular budget by field office and headquarters with comparative figures for the bienniums 2010-2011; 2012-2013 and 2014-2015.

Table 3 and figure III: a breakdown of the regular budget by human development goal with comparative figures for the bienniums 2010-2011, 2012-2013 and 2014-2015.

Table 4 and figure IV: a breakdown of the regular budget by resources with comparative figures for the bienniums 2010-2011; 2012-2013 and 2014-2015.

Table 5 and figure V: a breakdown of the project budget by human development goal and field office/headquarters.

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