

DFID

Department for
International
Development

plans

Working in Partnership with

UNRWA – The United Nations Relief and Works Agency for Palestinian Refugees in the Near East



Department for International Development

The Department for International Development (DFID) is the British government department responsible for promoting development and the reduction of poverty. The government elected in May 1997 increased its commitment to development by strengthening the department and increasing its budget.

The policy of the government was set out in the White Paper on International Development, published in November 1997. The central focus of the policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to encourage progress which will help reduce poverty. We also work with multilateral institutions including the World Bank, UN agencies and the European Commission. The bulk of our assistance is concentrated on the poorest countries in Asia and Sub-Saharan Africa.

We are also contributing to poverty elimination and sustainable development in middle income countries, and helping the transition countries in Central and Eastern Europe to try to ensure that the widest number of people benefit from the process of change.

As well as its headquarters in London and East Kilbride, DFID has offices in New Delhi, Bangkok, Nairobi, Harare, Pretoria, Dhaka, Suva and Bridgetown. In other parts of the world, DFID works through staff based in British embassies and high commissions.

Institutional Strategy Papers

Institutional Strategy Papers (ISPs) are prepared for the main multilateral development institutions with which DFID works, and are normally produced every three years. ISPs set out how we aim to contribute to achieving our White Paper objectives in partnership with each of the institutions concerned. The preparation of ISPs is a consultative process involving the institutions themselves and a range of civil society and other contacts.

Department for International Development
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Working in Partnership with UNRWA – the United Nations Relief and Works Agency for Palestinian Refugees in the Near East: Institutional Strategy Paper

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This Institutional Strategy Paper is part of a series on DFID's partnership with the United Nations and its agencies. It links with DFID's overarching paper *Working with the United Nations for International Development*. Copies of these and other papers in the series are available from our Public Enquiry Point or on our website (for contact details turn to the back cover).

A. Summary

A1 The United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) was set up in 1949 to provide education, health, relief and social services to the now 3.6 million Palestinian refugees in Jordan, Syria, Lebanon and the West Bank and Gaza Strip. The timetable for the Middle East peace process, and the difficult negotiations which lie ahead, mean that it is likely that UNRWA's services will be required for a considerable time.

A2 The UK is committed to support the role of UNRWA in alleviating the plight of Palestinian refugees. The future of Palestinian refugees is a key issue for the success of the peace process. There is both a political and humanitarian case for continued assistance. The refugee camps, by and large, house the poorest groups within the host countries and unemployment levels among Palestinian refugees are high. The level of services provided by UNRWA has been put under increasing strain as a result of the rapidly increasing refugee population.

A3 Future levels of funding will be based on progress in the development of a positive and productive partnership with UNRWA, and also on the steps that UNRWA takes to increase efficiency and effectiveness.

A4 As with other UN agencies, the UK seeks to help improve the effectiveness of UNRWA. Reviews of UNRWA have identified key areas which need to be addressed (Annex 1). In collaboration with UNRWA, and other donors, we will continue to support the efforts to increase effectiveness through the provision of technical assistance.

A5 We increased our contribution to UNRWA's core budget in 1998 to £7 million in recognition of the rapidly rising refugee population, and have also provided technical assistance and project funding. The UK is currently the sixth largest donor.

B. Comparative advantage/strengths and weaknesses

B1 UNRWA is different from most other UN agencies because from its conception, 50 years ago, it was supposed to be a temporary agency, rather than a permanent UN organisation. It is focused entirely on one specific community and is integral to the difficult and complex relations between Palestinians, Israelis and their regional neighbours. It was created for the sole purpose of providing essential social services (education, health, and other basic welfare provisions) to registered Palestinian refugees. In some ways its operations are more in line with those of a small developing country government than with a typical UN organisation.

B2 The host governments have assumed a range of functions, but until final status talks are concluded and 'permanent' arrangements are agreed, responsibility for the welfare of registered refugees lies with the international community. In addition to providing contributions to UNRWA's core budget, donors provide support for a variety of infrastructure and technical co-operation projects.

Service delivery

B3 UNRWA's strength is that despite the difficult conditions under which it operates it is still able to deliver good quality education and health services. In addition, UNRWA has managed to continue to provide such services as funding per registered refugee has declined. Refugee numbers have risen by 45% since 1990 while total voluntary contributions have only risen by 20% in cash terms. UNRWA operates or supports 900 health and education facilities and employs 22,000 people. There are 650 UNRWA schools with a total enrolment of over 458,000 pupils. School examination success rates compare well with those in the region. The agency operates a network of 122 primary health care facilities.

B4 UNRWA continues to operate under a number of constraints. In broad terms these are:

The political context

B5 UNRWA operates in the highly charged political atmosphere surrounding the Middle East peace process. The resolution of the issue of Palestinian refugees is formally set for the final status talks between the Palestinian Authority and the Israeli Government. The host country governments are also major stakeholders. The difficult political situation and border closures since 1993 have hampered UNRWA's operational efficiency and exacerbated the difficulties of operating from Gaza. UNRWA has also been under great pressure from Palestinian refugees and host country governments to maintain a full range of traditionally provided services. The very existence of UNRWA signifies

to them the international community's acceptance of responsibility for Palestinian refugees. The shortfall of donor contributions against UNRWA's set budget, and donors' encouragement to ensure UNRWA's compatibility with host government services, and to provide those services in a more efficient manner, has sometimes been interpreted as withdrawal of support by the international community.

Resources

B6 UNRWA is funded by annual voluntary donor contributions, rather than contributions being determined according to the UN scale of assessments. This has caused UNRWA a degree of uncertainty in its financial base, and insecurity in forward planning and budgeting. UNRWA's annual budget is agreed by the full membership of the UN General Assembly (UNGA), not all of whom are contributors. Over the last few years, there have been increasing financial difficulties and frustrations as the voluntary contributions have fallen short of the annual budget proposed by UNRWA and agreed by UNGA, and reserves have been exhausted. These financial crises have generally been resolved at the last minute by additional contributions. In 1998 the total international contributions to UNRWA's General Fund were US\$ 242 million.

B7 With a growing number of refugees, and a limited donor base, UNRWA has had to become more efficient in the delivery of services and, in some cases, it has had to reduce the scope of its traditional services. Contributions have not kept pace with the needs of the growing numbers of refugees, and there have been competing demands, including assistance to the Palestinian Authority.

Historical culture and institutional systems

B8 Staff morale within the organisation has caused considerable concern. UNRWA has especially encountered difficulty in recruiting and retaining good quality international staff following the move of the headquarters from Vienna to Gaza in 1996, despite excellent conditions of service enjoyed within the UN system. Recent years have also seen a number of the senior managers leave UNRWA in line with policy to streamline the management structure.

B9 Recent reviews of UNRWA have concluded that the agency lacked a clear strategy and had an unwieldy organisational structure which did not allow it to manage its finances and resources effectively. This, together with a long established culture which was not conducive to openness and transparency, raised concerns among the donor community. UNRWA has also been operating for some time in virtual crisis management mode, with little or no time for senior management to think and plan strategically. These are issues which need to be addressed urgently.

C. Priorities for UK influence

C1 Support for UNRWA is consistent with the objectives of DFID's White Paper on International Development with its focus on the elimination of poverty and the encouragement of economic growth which will benefit the poor. Living standards in refugee communities are poor throughout the area of operations, and are often characterised by high unemployment, falling household income, overburdened infrastructure, and restrictions on employment and mobility. The White Paper also notes that we will continue our efforts to help improve the effectiveness and efficiency of international organisations. The UK is a major donor to UNRWA, contributing £7 million in 1998 to its core budget. The UK is currently the sixth largest contributor behind the United States, European Community, Japan, Sweden and Norway. The priorities for UK influence will be:

**Specific Objective 1:
Support to help improve UNRWA's effectiveness**

C2 The recent financial crises have provided a powerful impetus for UNRWA to rethink its methods of operation so as to fulfil its programme goals in a more cost-effective manner. UNRWA has begun to do this through a number of initiatives noted at Annex 1 and deserves support for its efforts. Important recent developments include the creation of a Policy Analysis Unit to enhance strategic planning capabilities. New management structures, including a smaller, more tightly focused headquarters, have been approved by UNRWA and are being put into place. UNRWA has also identified and sought external technical expertise in key areas to help the change process. A key aspect in the process will be the development of systems which will enable UNRWA to measure its performance. UNRWA has also undertaken a number of short-term 'austerity measures' to help meet immediate funding shortfalls. Temporary recruitment freezes, suspension of university scholarships, postponement of capital and maintenance work, double shifting in schools, and general wage constraints, have all helped to reduce service unit costs. (But see C4)

**Specific Objective 2:
Help to develop a positive and productive climate between UNRWA and donors.**

C3 The financial crises have also alerted donor attention to the problems faced by UNRWA, and have provided a stimulus for both sides to work together based on respecting each other's roles and responsibilities. Donors can assist UNRWA by helping to develop systems which allow clear and transparent management. And donors will be more likely to provide funding if they are assured that UNRWA's decision making process is based on a sound and transparent analysis of the full facts.

**Specific Objective 3:
Help maintain good quality services to refugees**

C4 There are signs that funding constraints are beginning to have a negative impact on the quality of services delivered to refugees, especially with respect to education. It is difficult to quantify the problem in the short term, but improved systems for monitoring service use and quality, and for assessing the health and education status of camp populations, which are part of the reform process, will provide the necessary confirmation.

C5 Investment now to help improve UNRWA's systems and procedures is in our view a valuable investment for the future, irrespective of the precise outcome or timing of the final status negotiations. Improved financial management systems will not only help UNRWA provide cost effective, quality services in the short term, they will also provide the necessary sound foundation for whatever longer term arrangements are made.

D. Means of exercising influence

D1 There are three main ways in which we can support UNRWA's reform process, and help build donor support.

Specific Objective 4:
Provide timely and appropriate technical assistance in key areas of need.

D2 Following discussions with donors, UNRWA has now identified a number of areas where they feel technical assistance would help improve effectiveness. We have agreed in particular to support requests for experts in education planning, financial systems improvements, and procurement policies and procedures. The education planning consultancy will lead to the production of a five-year plan, and includes elements on cost effectiveness, quality criteria, and improved planning. The finance systems reform assignment will help UNRWA implement improvements which will generate more appropriate information to facilitate performance measurement, cost benefit analysis, and clearer reporting. The procurement work will help streamline procedures, introduce cost efficiencies, and ensure probity. All three assignments are currently under way and we stand ready to offer follow-up assistance if required. We will consider additional requests for technical assistance as needs emerge.

Objective 5:
Maintain regular contact with UNRWA and other donors at senior level, and play an active role in regular donor and technical meetings.

D3 We have maintained frequent contact at senior level with the Commissioner-General. This has enabled DFID and UNRWA to build mutual trust, improve our understanding of UNRWA's problems and constraints, and identify areas in which we can best offer help. DFID will

also continue to play a full part in the regular donor, technical and Advisory Commission meetings with participation from both DFID's London headquarters and the Consulate-General in Jerusalem.

Specific Objective 6:
Increase contributions to UNRWA's regular budget, aligned to progress and confidence in its improved effectiveness.

D4 There are a number of specific initiatives which UNRWA, and donors, have identified as being central to drive forward the change process. Some of these have been implemented, are under way, or planned, and others we would like to see included. The table at Annex 1, which is not exhaustive, sets these out with target implementation dates. The rate and success of implementation will help measure progress. The action plan will be updated annually.

D5 In June 1998, DFID announced an increase of £1 million in its contribution to UNRWA's 1998 core budget to take account of the rapidly rising refugee population. Funds have also been made available for project expenditure and technical assistance. DFID has responded positively in the past to specific appeals and provided special project funding.

D6 In line with overall DFID policy on voluntary contributions to all UN and comparable international organisations, a provisional allocation has been made for the next three years. For UNRWA this has been set at £8 million a year. This is a planning figure, not a commitment. But as UNRWA improves its efficiency and effectiveness, the UK will consider the case for progressively increasing its contribution.

Annex 1: Action Plan

Organisation

(Core principles of decentralisation, delegation, transparency and inclusiveness, enhanced planning capabilities)

- Basic restructuring in line with key recommendations in the Booz Allen Hamilton report. (*now largely achieved*).
- Policy Analysis Unit established and forward work programme, on a rolling basis, agreed. (1999).
- Senior international staffing structure rationalised, and vacant posts filled with good quality personnel. (1999).
- Improved and transparent communications between UNRWA, donors and host nations. (*ongoing*).
- Annual calendar of events set. (*early 1999*).

Systems

(Core principles of decentralisation, transparency, cost and time effectiveness, output orientation, computer system rationalisation)

- Improved budgeting system and financial reporting. This includes specifically the establishment of a programme based budget, improved management information system (MIS), financial controls clearly linked to specific service outputs, and computer systems modified and integrated. (1999/2000).

- Seminar on 2000/2001 budget process. A milestone, along with the technical assistance of KPMG on finance systems reform, to bullet above. (1999).
- Development of five-year Strategic Plan for Education. To include improved planning, improved efficiency and cost effectiveness in service delivery, the development of output indicators, and improved MIS. (1999).
- Consider whether the health sector would benefit from a similar process/exercise (?2000).
- Procurement policies and procedures reviewed. Increased transparency, value for money, reduced scope for corruption. (1999/2000).
- Reporting system developed on management and administrative improvements generally. To track progress made, and set objectives and indicators for coming year. (1999/2000).
- Improved programme monitoring and evaluation. (1999/2000).
- 'Donor profile' information system developed. To include availability of technical assistance and project funding, and general funding and timing commitments. (1999).
- Standard project reporting format, including indicators, established. (1999).

Annex 2: Statistical Tables

Table 1: Distribution of registered refugees

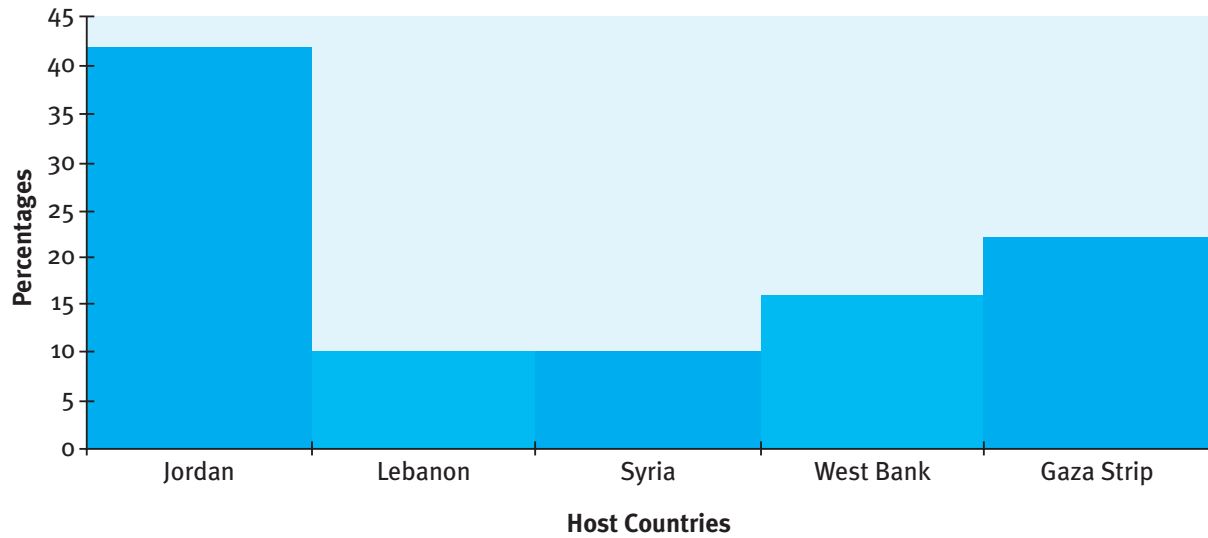


Table 2: UNRWA expenditure by sector

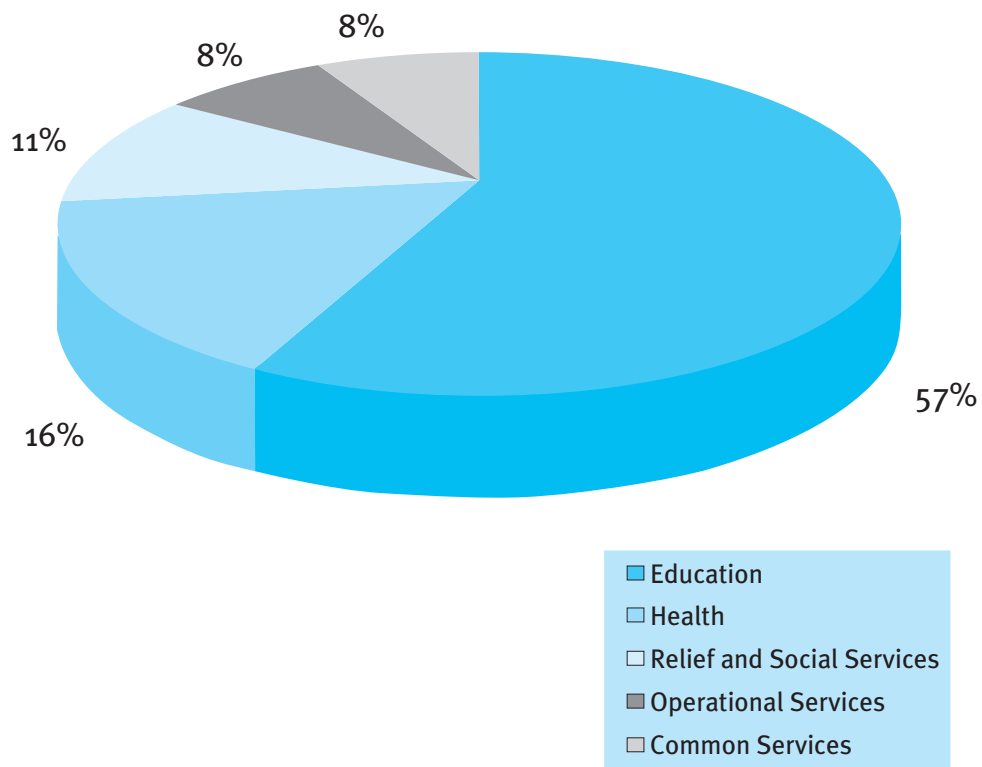


Table 3: The main donors

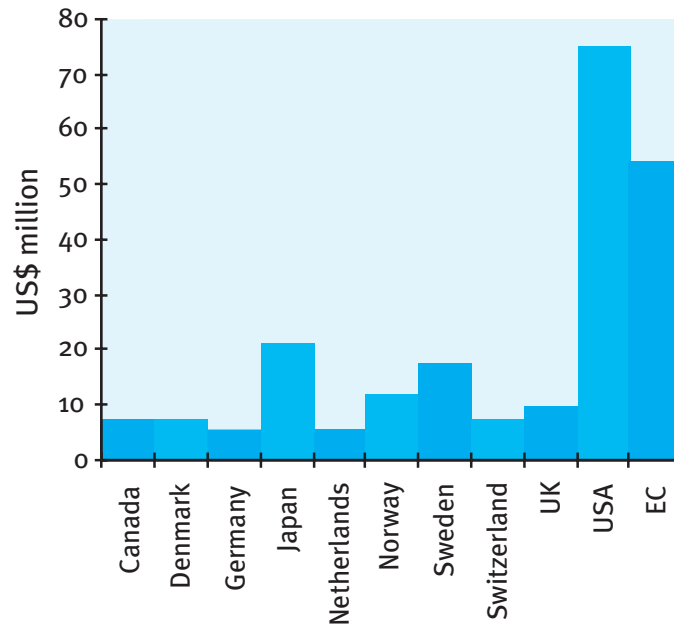


Table 4: Registered refugee population

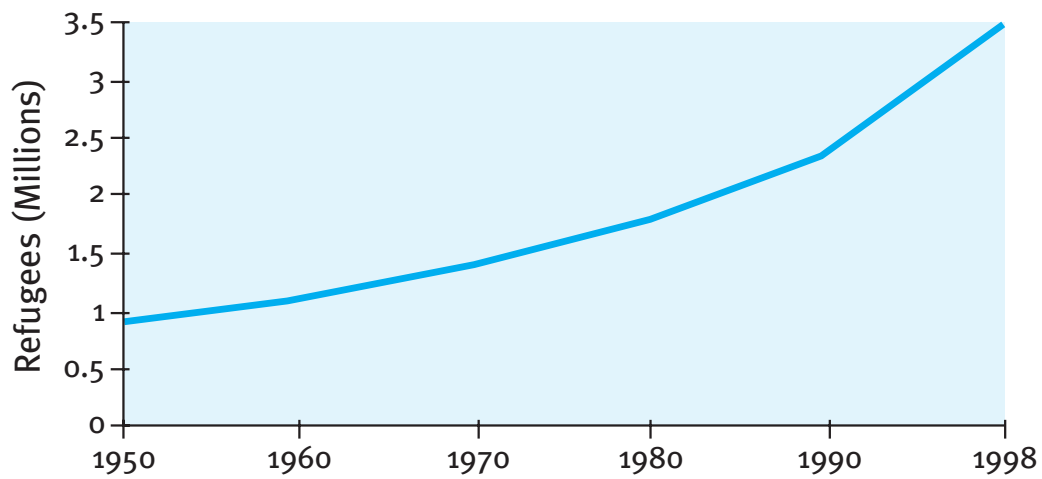
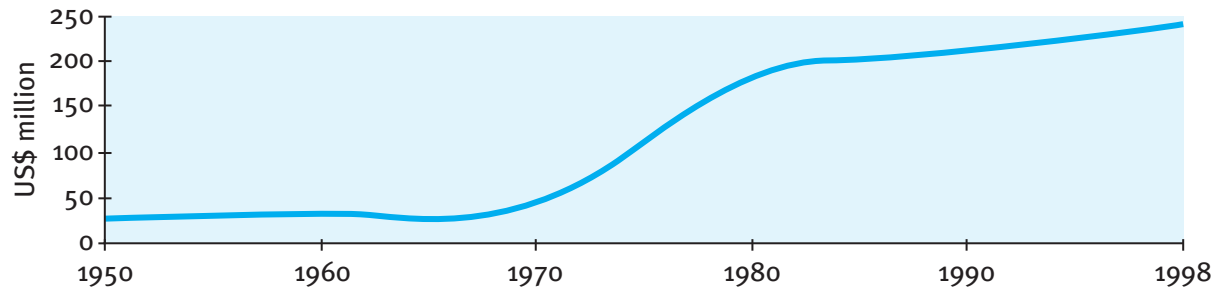


Table 5: Total international contributions to the General Fund



Annex 3: Consultation

- 1.** A wide variety of organisations and individuals were consulted during the preparation of this paper. Some offered views and ideas during formal or informal discussions; and some offered written comments. Those consulted include UNRWA officials, representatives of host governments and donors, and interested civil society organisations.
- 2.** A draft of the paper was circulated to all interested parties earlier in 1999. Their feedback was encouraged and their views assimilated.

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