

Commissioner-General
Opening Statement to UNRWA Advisory Commission
Dead Sea, Jordan, November 2011

Mr. Chairman, Vice-Chairman, Distinguished Delegates:

Welcome to you all. I am grateful to the Minister of Trade and Industry and Acting Foreign Minister for his opening remarks. I would like to take this opportunity to thank our Chair, Jordan (and other host countries) for their crucial role in supporting Palestine refugees and UNRWA.

I would also like to thank Spain for its vice-chairmanship, and Switzerland for ably steering the Sub-Committee, which has become a forum for substantial discussion in support of this Commission's work. It is my pleasure to introduce the new Head of the Advisory Commission Secretariat, Marina Skuric-Prodanovic. And last but certainly not least, I warmly welcome the delegation of Luxembourg, which joins us as a member-elect of the Advisory Commission.

Mr. Chairman,

It has been a year of momentous changes in the Middle East. Circumstances have been diverse in different countries, but firm, courageous and clear calls for human rights and freedoms, better governance, a more equitable share of resources, and improved living conditions, have similarly resonated throughout the Arab world.

Regrettably, this dynamic atmosphere has been in stark contrast with the stagnant political context in which Palestinians, and even more so Palestine refugees, continue to find themselves. Their experience is still one of rights denied, justice unfulfilled and increased vulnerability. For young Palestinians, comparing notes on social networks with people their own age in Tunisia, Egypt and other places, has borne a sense of exclusion and frustration.

Lack of progress in the search for peace has thus been brought into sharper relief. To speak of an absence of progress is actually a euphemism - there is no status quo for Palestinians, including refugees, living under an ever expanding occupation in the West Bank, and the unresolved Gaza blockade, but only relentless deterioration of rights and (for the most vulnerable, often including refugees) of living conditions. In other host countries, various developments have increased the sense of vulnerability which characterises refugee lives. As we all know - but I find it important to recall - the refugee question can only end when a specific political solution, just and durable, is agreed upon by the parties. And though attention has been riveted on other situations, nothing diminishes the centrality and urgency of finding a way forward for the peace process, including a solution to the refugee question.

In this volatile environment, UNRWA's commitment to protect and support the refugees is as necessary as ever, and as ever undiminished. In this regional context, we are focusing anew on refugee youth, seeking ways to enhance through our programmes the quality of their lives and the life opportunities available to them in spite of the failure of political

actors, so far, to identify solutions to their plight. The conference scheduled on 19 and 20 March 2012 in Brussels, titled “Youth Works” and sponsored by the European Union and Belgium, will bring together our key stakeholders and help define our collective vision for refugees, with a special focus on young refugees. Some governments have already indicated their intention to attend at a senior level. We welcome this, not least because the success of the conference depends on full and high-level participation by our stakeholders.

Mr. Chairman,

Our field directors will shortly update you on the situation in their respective fields. Allow me to address only some of the highlights.

The occupied Palestinian territory is where refugees have continued to face the most daunting challenges. In the Gaza Strip, the blockade continues, though the effects of welcome easing measures introduced by the Israeli authorities are being felt - to an extent. Approval of projects by the Israeli authorities is enabling us – for the first time since June 2007 and almost three years after the Sharm el-Sheikh Conference pledged to reconstruct Gaza – to begin rebuilding refugee homes destroyed or damaged in the course of conflict, and build additional schools to accommodate a student population that grows on average by 7,000 every year. Of a total portfolio of projects valued at US\$661 million planned for implementation over three years, US\$167 million worth of projects have been approved thus far.

Refugee needs for housing and basic infrastructure, however, far exceed what UNRWA and international agencies can meet within the strictures imposed by the closure of Gaza on all sides. These include cumbersome and costly procedures for the import of construction materials and the bottleneck of a single crossing point with limited capacity, Kerem Shalom, through which all materials must pass. The implications are serious, as we saw in early 2011 when refugees displaced from their homes – some of them since 2003 – protested against the blockade and what some of them perceived as UNRWA's acquiescence in it.

UNRWA appreciates the concerns of the Government of Israel regarding security, in particular the threats from rockets launched from the Gaza Strip. Security, however, is not served by this counter-productive blockade. Moreover, reconstruction is not its only casualty; livelihoods, hope and opportunity all suffer. It is essential that pressure continues to be exercised to lift restrictions on exports to Gaza's key markets, Israel itself and the West Bank, so that the moribund private sector in the Strip can be revived. Until that is done, the vast majority of the population – not really benefiting very much from the economic windfall created by the tunnels - will continue to depend on humanitarian activities which in turn are increasingly difficult to fund and sustain; in the occupied Palestinian territory in 2010 they were 50% funded under the Emergency Appeal; this year it is 49%. This has a serious impact. For instance, we are freezing recruitment for up to nine thousand jobs under the job creation programme in Gaza. The programme is vital, with a youth unemployment rate in Gaza at 66%, higher than in Egypt and Tunisia.

In the West Bank, including East Jerusalem, UNRWA is concerned about increasing trends in demolitions of homes and community assets, as well as in evictions and denials of building permits to Palestinians. At the same time, Israeli settlements expand relentlessly on Palestinian land, including in the East Jerusalem periphery, severing the putative capital of Palestine from the rest of the Palestinian territory and deepening the isolation of its Palestinian inhabitants – of whom 90,000 are refugees – from the West Bank. This is creating fresh displacement, which – as in the case of Palestine refugees – often compels people to relive painful experiences of deprivation and uprooting.

While settlements are often viewed as a political issue for political actors to solve, which indeed it is, we must not forget their deep, dramatic human consequences. It is people – many of whom are already refugees separated from their land – who are affected every day and in countless ways by the constant expansion of the settlement enterprise. And with an estimated 3,000 demolition orders pending in the West Bank, the worst may yet have to come, unless much more urgent and effective pressure is exercised to stop these abuses.

Jordan has remained the most stable field of operation, though a challenge there – faced also in other fields, and connected with the regional drive for improved living conditions – was represented by wage increases for public sector employees, which compelled UNRWA to raise the salaries of its area staff, in line with its pay policy. This resulted in a substantial increase to our expenditures in 2011, with further upwards

adjustments expected in the region likely to add strain to our own resources.

And despite the rights and freedoms that refugees enjoy in Jordan, the Agency's burden of unmet needs remains heavy, symbolized by the approximately 9,000 refugee homes deemed unfit for housing. We lack the resources needed to address these requirements. Other challenges may present opportunities for local solutions, for example refugees displaced into Gaza in 1948 and displaced again in 1967 to Jordan, who remain marginalized and face barriers to entering the job market, and to accessing public services. More must be done to address their needs in a sustainable way.

In Syria, where Palestine refugees have long enjoyed an exemplary range of social and economic rights, UNRWA is distressed by the continuing violence and insecurity. While Palestine refugees have not been targeted, and continue to be spared the worst, the violence places all civilians at risk throughout Syria, including Palestine refugees, as highlighted by the experience in Yarmouk in July and Latakia in August, resulting in refugee deaths, injuries and displacement. We are concerned by the possibility that the situation may further deteriorate and I wish to repeat here our prior public calls – echoing the numerous and pressing appeals made by the United Nations Secretary-General – for all violence to end and for the sanctity of human life to be respected.

The effects of the situation prevailing in parts of the country are being felt by a number of refugee communities, including a collapse of livelihoods

and irregular access to some of the services we provide. With support from donors, we have responded to the increased humanitarian needs in a number of refugee communities. We also express appreciation to the General Authority for Palestinian Arab Refugees of the Syrian Government, GAPAR, for facilitating the delivery of assistance.

You will recall that in Lebanon, in 2010, UNRWA welcomed the step taken by Parliament to amend labour laws and open the door for employment opportunities for Palestinians. It is only such measures that can enable Palestine refugees to reduce their dependence on special humanitarian assistance while preserving their rights and entitlements as refugees. However, regrettably, there has been no implementation of these legislative amendments to date, and therefore the decision has yet to have a tangible effect on Palestinian refugee communities.

And indeed, Palestinians in Lebanon continue to live in some of the worst conditions experienced by refugees in the region. They suffer high unemployment and poverty rates. The camps and gatherings lack adequate basic infrastructure, including roads, electricity, and water, and housing is frequently unhealthy and unsafe. To address the special needs of the refugees in Lebanon, on 28 September UNRWA launched its “Restoring Dignity” appeal, covering a five-year period. The appeal requests US\$147 million over and above the Agency’s programme budget, which of course will continue to support UNRWA’s core activities in education, health and relief and social services.

The Nahr el-Bared camp reconstruction project on the other hand has seen progress. In late September UNRWA handed over 369 new homes to refugees and inaugurated the first reconstructed schools and shops. Approximately 1,200 refugees have now moved back to the camp, which was destroyed during a conflict in 2007. I take this opportunity to express UNRWA's sincere appreciation to the Government of Lebanon and to all the partners with whom we achieved this initial and most welcome success. It must be borne in mind, however, that the project remains unfunded by US\$183 million and that a relief component to assist the displaced families until 2013 requires your urgent support.

Mr. Chairman,

The external challenges remain relentless, and grow in complexity. The Agency's commitment to address them more effectively must remain equally relentless. I am pleased that we are maintaining the momentum of our reform drive, with programme reforms and the new resource mobilization strategy gathering speed under the Sustaining Change initiative.

The independent external evaluation of the first phase of reform, Organizational Development, is now complete, and the findings have been shared and discussed with the Advisory Commission. I am grateful to all those who supported this important exercise, which assessed that OD "did strengthen UNRWA's capacity to serve Palestine refugees", noting that a "majority of the initiatives" have been implemented. The evaluation also highlighted the many positive aspects of the reform

process, including its “prevalent communicative, participatory and empowering management approach” that enabled managers to improve the effectiveness of UNRWA’s work. The evaluation also flags some the issues that need further attention, such as introduction of Enterprise Resource Planning. We remain committed to seeing these through to completion.

For our stakeholders who have been with UNRWA for some time, you – like me – will have seen the considerable progress the Agency has made over the past 6 years. For those more new to UNRWA, I would refer you to the 2005 DFID-sponsored review and its assessment of where we were as an Agency, in contrast to where we are now, and where we plan to be in the future, with your continuing support. It makes interesting reading.

In spite of the challenge represented by significant change over a number of years, in a difficult political context and in the absence of adequate resources, I can assure you that UNRWA remains absolutely convinced that it must not lose the momentum of organizational development. It is in this spirit that we are now focusing on the programmatic reforms and resource mobilization strategy which form the gist of the next phase.

Margot Ellis, the Deputy Commissioner-General, will deliver a briefing on Sustaining Change and update you on progress made in the education and health reforms, endorsed by this Commission at its last session in

June. A presentation will also be made on reforms planned for the Relief and Social Services Programme.

Much is at stake in this reform, and most of all for the refugees, whose significant vulnerability – twenty percent of them live in absolute poverty – deprives many of any hope for a decent standard of living. As poverty is often correlated with lower educational attainment and standards of health, the impact is also adverse on programme outcomes in general. Our traditional approaches, coupled with insufficient resources, are becoming inadequate, like distributing food in kind where cash would be of greater advantage to refugees, and cheaper. I am well aware that in improving, we must proceed with due regard for social, cultural and historical sensitivities. Consultations with hosts and donors, bilaterally and through the Sub-Committee, will enable UNRWA to explore further the elements still under consideration, with a view to beginning implementation – starting with pilot projects – as soon as possible.

However, funds will be required to sustain delivery of services as we strive to improve approaches and quality. While we reform, we must continue to meet the needs of tens of thousands of refugees living in abject poverty in all our areas of operation, in the form of food and cash. In particular, unless food aid resources are mobilized above the amounts we project for 2012 and beyond, as of the second quarter of next year we will have to stop assisting the most impoverished and vulnerable refugees – including in Gaza – even through the meager food ration currently provided, leaving them in further hardship and at greater risk, and jeopardizing reform efforts at the same time.

Naturally, we have also continued to build on management reforms launched under OD. We are well aware of the request from a number of Advisory Commission members for maximum transparency in resource management. Much effort has gone in the past two years into reforming financial management, with excellent results, which have produced more transparent and detailed monthly financial reporting, and we are ready to adopt the new IPSAS accounting system on 1 January 2012, a timeline which few other UN agencies will meet, or meet at all as we did, without significant additional resources.

We are engaged with members of the Advisory Commission in responding to requirements in the area of budget transparency, by providing more in-depth information regarding our processes. Over the past year, we have improved budget preparation through the introduction of Agency-wide budget hearings and an annual results review. These will be complemented by the “activity based costing” exercise. This combination of tools will provide a clearer picture of the Agency’s cost drivers, enabling us to seek efficiencies and be more strategic in the allocation of resources.

Improving effectiveness and transparency is driving other reform efforts. I have accepted a recommendation of the Advisory Committee on Internal Oversight, currently constituted by UNRWA staff and external members and chaired by the Deputy Commissioner-General, and decided that as of next year the chair and all members of this committee will be external, thus increasing impartial scrutiny of our oversight work.

We are also focusing on the Agency's leadership at all levels, including the Commissioner-General, his deputy, and their office, and we have launched an "executive management" project aimed at improving the way senior managers work together, make strategic decisions, communicate internally and externally, and interact with stakeholders. Executive management of course can only be effective if the Agency is able to secure good leaders in key positions. In this respect, lately we have faced a few, serious recruitment challenges, for example in filling the posts of Field Director in Gaza and Syria. They are due to the relative lack of competitiveness of UNRWA's grading structure for international staff, coupled with the fact that in some key duty stations difficult security conditions prevail, preventing families from joining staff members. Hence our plea to obtain additional (and very modest) resources from the United Nations budget to upgrade some posts, which is part of our request for new posts for the next biennium, currently being considered by the General Assembly after having received support from the Secretary-General.

In funding terms, the General Fund shortfall for 2011 will in all likelihood be bridged. We owe a special debt of gratitude to donors for marshalling substantial resources in spite of the economic and financial problems affecting many of their economies. I am also pleased to say that 2011 has been marked by further progress with Arab donors. Saudi Arabia has emerged as the third largest contributor overall this year, thanks in particular to exceptional support for two large housing projects in Gaza and Lebanon. Arab pledges stand at US\$144 million, of which US\$15

million are for the General Fund, continuing an upward trend and including US\$2 million from a welcome returnee among our donors, Iraq.

Of concern, however, is future financing of the General Fund, especially now that it includes food aid. We will of course continue to be frugal and save money where possible, but do not forget that we are the only agency of the United Nations directly providing essential public services to a large population – and that pressure on salaries will inevitably continue. I have already mentioned the real probability that we will have to suspend food aid. I am also extremely worried that our most relentless concern – meeting the monthly payroll of almost 30,000 employees – may become a major problem next year.

Mr. Chairman,

I am acutely aware that – although very modest in volume compared with the financial challenges faced by the international community – UNRWA's combined budget of approximately US\$1 billion per year represents a serious burden for donors, especially at a time when public spending, including aid, is under severe pressure everywhere.

However, as I often say, UNRWA does not carry out optional activities, but basic services meeting the fundamental social rights of a population entrusted to UNRWA by you – and by the international community. The most obvious example is that almost half a million children must simply go to school every day.

I can assure all of you that we are examining every aspect of our work and seeking to contain costs and eliminate unnecessary expenditure. UNRWA will continue to be cost-effective compared to any other public service in the world. However, the responsibility given exclusively to UNRWA to provide basic services to refugees makes it difficult, if not impossible – and certainly not desirable – to reduce its current range of activities, which meets only in part the needs of refugees, or to devolve these activities to others. This does not prevent us from establishing and strengthening partnerships that bring additional resources and expertise to our work – including in the private sector as the resource mobilization strategy clearly indicates – without prejudice to our mandate. It also does not prevent us from maximizing synergies with host countries and other organizations so that refugees benefit from all available contributions. The fundamental and final responsibility, however, must and will continue to lie with UNRWA.

Let me echo what I said at the start. UNRWA's work is not political, but the refugee question is. Its solution – which, alone, can bring to an end the role of UNRWA and the need to provide it with adequate resources – must be found first and foremost by the parties to the conflict, with the active, determined and impartial involvement of the international community. To be durable, as we all know, this solution must be just, and as such be grounded in international law and relevant United Nations resolutions, and respond to the legitimate demands and aspirations of the refugees through a process which ensures that they are consulted and represented when decisions are made regarding their future.

At this critical juncture, when hope is scarce and skepticism growing, serious efforts to revitalize negotiations are indispensable to restore confidence in the peace process and prevent it from going beyond a dangerous point of no return – a point that many fear has already been reached. By supporting the work of UNRWA, meanwhile, you will not only make one important contribution to the stability that the fragile peace process requires to advance, but you will also invest in the precious human capital represented by the refugees, and hence in the future of peace.

The two, Mr. Chairman, are inextricably linked.