

**Commissioner-General's Statement**  
**Advisory Commission, Conrad Hotel, Cairo, 21-22 June 2010**

Your Excellency, Assistant Minister,  
Mr Chairman, Mr Vice Chairman  
Distinguished delegates of UNRWA's Advisory Commission,  
Guests, colleagues:

I thank the government and people of Egypt, the Assistant Minister of Foreign Affairs, and the Advisory Commission Chairman, my friend, Ambassador Aboulatta, and his team, for extending to all of us the warm hospitality of Cairo. We are also grateful for the role played by our vice-Chair, Engineer Hassan Al Attas, representing the Kingdom of Saudi Arabia, which will soon take over the Chairmanship of the Advisory Commission.

I offer special thanks to this Commission for supporting my appointment as Commissioner-General. It is a daunting task that humbles me but I am honoured by your trust. I take this not as a personal recognition but rather as your endorsement of the choices made by UNRWA on behalf of Palestine refugees in the past years and of the courage and determination with which it has carried out its difficult task, thanks also to my predecessor, Karen AbuZayd, and the dedication of our 30,000 colleagues.

This meeting of the Advisory Commission takes place at a time of crisis and uncertainty. Yet, as always, there are opportunities that must not be missed. The conflict in the Middle East persists, generating in its wake regional tensions and impediments to security, peace and sustainable development, as refugees' desire for a just and lasting solution to their plight remains frustrated. The commencement of "proximity talks" and the fragile hopes it engendered were eclipsed by the tragic and entirely avoidable events on the high seas in the morning of 31 May. Those events were a painful reminder of the inherently pathological nature of the occupation of Palestinian lands in general and of the closure of Gaza's borders in particular. The events also illustrated the dire consequences of the international community's collective failure to achieve a negotiated solution to the conflict and to enforce and ensure respect for international law across this region.

On the other hand, and as I have frequently repeated in the past few months, UNRWA's finances are in a desperately poor state, hindering the Agency's ability to fulfill the tasks entrusted to it by the international community.

Global financial uncertainties cast a shadow on the economic prospects of many donor States, constraining their capacity to respond to UNRWA's needs as generously and as urgently as the situation demands. Countries and communities hosting refugees are acutely impacted by the strains of UNRWA's funding crisis. As service quality declines, and as UNRWA struggles to adjust its programmes to cope with financial realities, there is growing regional anxiety about what these trends might imply for the prospects of UNRWA's presence and role. This convergence of UNRWA's

financial crisis with the lack of tangible progress in the political sphere, and especially in respect of the refugee issue, is especially troubling.

The regional context presents the same varied picture of recent years, characterized by severe political, human rights and human development challenges.

The closure of Gaza's borders has entered its fourth year in defiance of rules of international law, and in disregard of the suffering it causes to the civilian population. The closure and associated policies have resulted in a crisis that transcends the humanitarian sphere. Every Gazan is affected by poverty, unemployment and crippled public services, causing human misery on a massive scale.

Since 2007, UNRWA has called for the blockade to be lifted. It is tragic that it took the unnecessary loss of human lives to generate renewed international pressure. We hope that world leaders will now match their words with the political determination required to end the blockade of Gaza and it will be crucial that we closely follow the measures recently announced by the Israeli government. In UNRWA's experience, nothing short of the free two-way flow of people, commercial and humanitarian goods, and currency, will generate a significant reversal of the prostrate economy of Gaza, address the abject conditions ordinary Gazans currently face, and restore their trust in the international community.

This is also essential to allow the UN, and UNRWA in particular, to embark on desperately needed construction of houses, schools and other infrastructure and to finally move away from the truck-by-truck, project-by-project approach that has crippled any significant progress so far. UNRWA is ready to play a significant role in the reconstruction of Gaza, but we must be assured that conditions to carry out this vast and complex task are fully met.

And while attention – and rightly so – focuses on Gaza, we should not forget that the situation in the West Bank, including East Jerusalem, gives little cause for comfort. Sporadic easing of movement restrictions has indeed spurred some economic growth, but the overall context continues to be dominated by repressive measures imposed by the occupying power, by the physical fragmentation of the West Bank, and its separation from East Jerusalem, and by low-intensity armed conflict. A plethora of prohibitions continues to deny Palestinians social and economic interaction and the demolition of Palestinian homes and properties continues.

In Lebanon, recent events suggest the possibility of legislative backing, across the political spectrum, for granting to Palestinians and Palestine refugees a range of civil and economic rights denied them for decades. UNRWA fully supports any development that will reverse the longstanding deprivation of Palestine refugee rights and bring them the dignity they deserve. The reconstruction of Nahr El Bared is thus far on schedule, though highly dependent on adequate funding. It remains a high priority for UNRWA, not least on account of its implications for the dignity of the affected refugees and the stability of their communities.

**In Jordan and Syria, UNRWA and Palestine refugees benefit from a stable socio-economic and political environment and from the consistent support of the government and people. In this favourable environment, it is often (and regrettably) overlooked that UNRWA lacks the resources required to enable refugees to seize available economic and social opportunities to move towards greater self-reliance.**

**I am pleased that UNRWA's five Field Directors, as has become customary in Advisory Commission meetings, will elaborate further on the challenges we face throughout the region.**

**Mr Chairman:**

**I will now offer a few reflections on the issues underlying the agenda items on our financial situation and on our plan on how to sustain the momentum of change. As you prepare to deliberate on these important topics, I suggest you approach them - not in the abstract - but in relation to the essence and character of UNRWA – as an Agency which over recent years has undergone significant transformation at your request and with your help – and as an Agency with a crucial role to play in supporting a population in exile.**

**I believe it is worthwhile reminding ourselves that the strengths of UNRWA – and its value to the international community - are inextricably linked to the significance of the refugees as a distinct constituency within the Palestinian body politic. UNRWA makes essential contributions to the well-being and dignity of this constituency, and thus enhances the value of Palestinian human capital.**

**Our services constitute the building blocks of self-reliance for the refugee community and are the means by which many are enabled to lead lives that are as close to normalcy as their context permits. UNRWA's work helps transform the limitations of the refugee condition into broader life choices and expanded horizons of opportunity. We are also a vehicle for translating into the communities in which our presence is felt, the fundamental values of the United Nations: tolerance for diversity, peaceful co-existence, non-violence, respect for human rights and human dignity of everyone without distinction.**

**Although we are often better known for our emergency response during armed conflict, it is important to remember that UNRWA's primary task is to pursue human development through its core activities of education, health and support for the poor. This is an indispensable task, for which UNRWA cannot be replaced. Closely linked to this role is the central importance UNRWA ascribes to innovation, to creative approaches and to reform, especially since the 2004 Geneva Conference. In this regard, the Organizational Development process, although still a work in progress, has achieved levels of institutional transformation never before attained in UNRWA. The mindset of reform has now become an integral part of UNRWA's institutional character. Let me clarify here that seeking to enhance efficiency, and exploring inventive new ways to serve refugees better are not optional luxuries that are precluded in times of austerity, or may be pursued only when funding allows.**

**Rather, reforms and innovation are inherent to sound programme and operations management, and indeed are particularly appropriate in times of scarce resources.**

**Given our central role in providing services, and commitment to creating opportunities for refugees and enhancing effectiveness through reforms, the Agency's financial crisis could not be more dangerous. The discussion on UNRWA's financial situation will be led by the new and very able Deputy Commissioner-General, Margot Ellis, but allow me to offer a few thoughts. Although our Medium Term Strategy, which you endorsed, offered a comprehensive picture of the needs of refugees, the harsh reality of running an operation the size of UNRWA in a context of successive years of large deficits has compelled us to curtail programme expenditure in a number of areas. This has affected the quality and scope of the services we provide to refugees.**

**I am aware of the concern of some donors that – given the impact of the global financial situation on UNRWA funding – the Agency should make even further efforts to streamline expenditure and maximize cost-efficiencies. Let me be clear on this point. We are fully aware that we have to be even more urgently responsible in managing donor resources in these difficult times. However, please consider very seriously that we are *already* focusing our work on the minimum indispensable activities which underpin the mandate given to us by you – the international community.**

**In some UNRWA fields, for example, we no longer cover the costs of hospital treatment for refugees, not even when the services they need are as obligatory as breast cancer screening, physiotherapy or psychiatric treatment. In Gaza alone, UNRWA's overcrowded schools have no place for nearly 40,000 additional refugee children. We have decreased the number of school textbooks we provide and have suspended the implementation of initiatives designed to support children with special learning needs, including those who are affected by disabilities. We are reducing the support we provide to refugees hardest hit by poverty and social marginalization. We have cancelled expenditure on maintenance of UNRWA facilities and buildings seriously affecting safety standards and the quality of our services.**

**Without more generous funding, UNRWA will continue to be limited in its capacity to adequately pay its existing staff – the teachers, doctors, sanitation labourers, relief workers and others whose dedication and achievements this Advisory Commission has often recognized and the international community has depended upon, especially in times of conflict, not least in Gaza last year. I warn you that the financial shortfall will also severely curtail the ability of UNRWA to carry out important activities such as participating in the reconstruction of Gaza, should the blockade be lifted. Schools and health centres might be built through contributions to individual projects, but UNRWA will lack the funds to manage them, and to train and even pay the personnel to staff them.**

**As this Advisory Commission considers ways to address UNRWA's financial situation, I ask you to acknowledge measures UNRWA has already put in place and to note that we have embarked on these steps with extreme reluctance, given their human impact on refugees, including the most vulnerable. To those who might suggest further restrictions in UNRWA services, I raise a strong**

word of caution and ask that recognition be given to the fact that UNRWA's work is uniquely – and by necessity - hands-on in nature, and already functions with minimal administrative costs. Given this, there are a variety of questions you might wish to consider. What level of further service reductions would be required to offset our current deficit of 103 million dollars? What humanitarian and development consequences would follow for Palestine refugees and the communities in which they live? What risks, including political risks, arising from service reductions on the scale required, and how could they be effectively managed? UNRWA, for its part, would have to consider whether, in the wake of significant service reductions, a fair balance could be struck between its duty to manage resources judiciously and its overarching responsibility to ensure the well-being of Palestine refugees.

I trust that in light of all the circumstances, carefully weighed, you will consider – and hopefully conclude - that the most realistic and feasible way forward is to ensure from all donors (and I appeal here also to important donors in the Arab region) enhanced levels of multi-year funding for UNRWA's core budget. On its side, UNRWA will continue to ensure rigorously prudent financial management, effective programme management and the full application of relevant accountability mechanisms. We will also strive, as the Deputy Commissioner-General will explain later, to strengthen our fund raising capacity by better seeking and exploiting funding channels, and enhancing partnerships with other agencies and the private sector. Although of course the main responsibility of supporting UNRWA will remain with governments, partnerships will open up new avenues and will give UNRWA a vehicle to promote awareness of its work.

We are of course very grateful – as ever – for the incalculable contribution which host countries have made for over 60 years – and continue to make – in support of Palestine refugees. I appeal to host governments to continue to extend their generous hospitality and to devise ways and means to support, strengthen and complement UNRWA's work without prejudice – of course – to the status and rights of refugees as enshrined in relevant UN resolutions.

I appeal to both hosts and donors, Mr. Chairman, because it is in their cooperation that lies the true value of this Commission.

A consensus in this Advisory Commission which ensures the long-term financial health of UNRWA advances the imperatives of UNRWA's mission. It ensures the well-being of Palestine refugees, while maintaining on an even keel the delicate balance between the viability and effectiveness of the Agency and the support and peaceful co-existence refugees enjoy from the communities that host them.

Allow me thus to conclude with a final call. In the face of multiple predicaments, and confronted as we are by financial, political and contextual constraints, it is imperative that the cohesion of the Advisory Commission remains unshakeable; it is essential that our shared commitment to the well-being of Palestine refugees stays strong and is kept in view as our ultimate guide; and it is vital that

**your trust in UNRWA as a valued and effective partner remains undiminished – trust which the Agency has painstakingly earned, with your support, through decades of sterling service.**

**My call this morning to each of you – as members of the international community and as members and observers of this Advisory Commission – is to reaffirm and cement our unity of purpose for the service of Palestine refugees, and in so doing, to reinforce our determination, together to address and ultimately overcome the issues that concern us at the present time. UNRWA's financial situation is grave, yet it is within our collective power to resolve. And if is a crisis, as it no doubt is, then it is a crisis we must confront and solve by coming together, pooling our strengths and boldly rising to the challenges of now and the future.**