Mr Chair,

Mr Vice-Chair,

Excellencies, Friends and Colleagues,

I am pleased to be with you here virtually today and hope that the next meeting of the Advisory Commission will be in person before the end of the year.

Let me start by thanking Mr Sultan Mohammed Al Shamsi, Assistant Minister for International Development Affairs of the United Arab Emirates for chairing the AdCom this last year.

I would like to also acknowledge with appreciation the important role that Dr. Hassan Mneymneh, President of the Lebanese Palestinian Dialogue Committee, has played as Vice-Chair.

Next, I wish to extend my special thanks to Mr Gerhard Krause, Head of Cooperation of the Representative Office of the EU in Jerusalem, for stepping in to chair the Sub-Committee.

My gratitude also goes to the Vice-Chairs, Mr Magdi M Elderini, Deputy Chief of Mission of the Embassy of Egypt in Amman and Mr Erling Hoem, Deputy Head of the Representative Office of Norway in Jerusalem.

I welcome India as the latest member of the Advisory Commission, as recognized by a General Assembly resolution at the end of last year. The presence of India reflects a broader and more diverse donor base, which is essential for the future and the sustainability of UNRWA.

I notice that I have acknowledged a group of friends and supportive colleagues who are all men. I hope that female colleagues will also take part in the future in leading the ADCOM.

I wish to welcome the re-engagement of the United States, a longstanding partner of UNRWA whose solid support is key to the Agency.

We are also honored by the presence of China as guest and Ms Wang Xi, Deputy Head of Mission of the Representative Office of China in Ramallah, will join us tomorrow.
And last, I would also like to thank the Head of the Advisory Commission Secretariat, Mr Asif Husain-Naviatti, who led the work of this Commission with professionalism and dedication. I wish him all the best for his future projects.

Operational Update

Dear Friends and Colleagues,

Since we last met, the situation in the region has further deteriorated. Eleven days of a devastating conflict sent Gaza years back, breaking many lives, livelihoods and dreams. A few weeks ago, I cautioned the UN Security Council against the next round of conflict in the absence of serious efforts for a political breakthrough.

If there is no willingness for a genuine political track that could bring the hope for peace, then we all in the humanitarian and development industry will continue helping, building and then watch our efforts collapse. Recently a friend of mine reminded me that insanity is to expect a different outcome with the same recipe. To avoid a relapse, we need to bring back a sense of normality in the lives of Palestinians in Gaza.

While the ceasefire that ended active hostilities still holds, many triggers to the violence remain unchanged in Gaza and in the occupied West Bank, including East Jerusalem. Hundreds of people continue to live with the daily threat of evictions and demolitions, including eight Palestine refugee families who live in Shaikh Jarrah. Also, Palestine refugees face continuous settler violence acting in a climate of impunity. Elements of the Israeli Security Forces confront Palestinian demonstrators with excessive use of live ammunition and the indiscriminate use of tear gas.

In Lebanon, over 50 per cent of the population lives under the poverty line, including almost all Palestine refugees, who were already among the most marginalized communities in the country. Even access to daily commodities and services have become a struggle for almost everyone in Lebanon. Palestine refugees in camps are so desperate that I called Lebanon an internal emergency on my last visit there in April.

In Syria, 10 years of conflict have left the country and its economy shattered. Many Palestine refugees in Syria report living on one meal a day. Over 90 per cent of them are under the poverty line.

Jordan suffers the ripple effect of events in the West Bank and the long-term impact of the war in Syria, in addition to its own challenges. Palestine refugees, especially those from Syria, face immense economic hardship and only have UNRWA to turn to.
COVID-19 and its socio-economic impact remain rife, as vaccination coverage remains low in the region. Host countries urgently need more vaccines to prevent further waves of infections and for the economies to recover.

**Dear Colleagues and Friends,**

In this highly unstable environment, the Palestine refugee communities long for a sense of stability that only a strong UNRWA can provide. Essential services and humanitarian relief are a lifeline for many refugees and often the only chance for a better future for the youth.

**Let me give you some examples:**

**First,** and maybe most importantly, is the quality education that UNRWA has been known for decades.

Ghada Krayem, a young Palestine refugee in Gaza, was one of the first women to take a solar energy training course at the UNRWA Gaza Training Centre. That training course won the Green Skills Award from the EU’s European Training Foundation.

Like her, more than 540,000 children and 8000 young people learn in UNRWA schools and in Technical and vocational training centres. A strong component of the school educational journey with UNRWA is our flagship programme on Human Rights, Conflict Resolution and Tolerance. This education is the antidote to hatred in a region rife with violence. UNRWA school children are the actors of positive change in their communities today. They are the responsible citizens of tomorrow.

**Second,** 2.4 million Palestine refugees across the region rely on UNRWA as the only steady source of support for their most basic needs, including food and shelter. A strong UNRWA prevents them from falling deeper into poverty and its related negative coping mechanisms, such as child labor, early marriage, migration through dangerous routes or, at times, radicalization.

**Third,** UNRWA plays an essential role in containing the spread of the COVID-19 pandemic in overcrowded refugee camps across the region. It continues to work closely with local authorities in rolling-out vaccination campaigns through its health centers.

**Fourth,** between being an employer, creating livelihoods opportunities and making microloans available, UNRWA interventions, albeit relatively small scale, have had a positive economic and social impact on the lives of Palestine refugees. Since the 1990s, our Microfinance programme has contributed towards sustaining or creating close to 700,000 jobs in the region. The UNRWA TVET centres are pioneers in their fields. They graduate highly skilled and talented young people, 75 per cent of whom found employment in 2020 despite the pandemic.
Fifth, the latest conflict in Gaza was a stark reminder that UNRWA plays a critical role in emergency situations. In a place where there is nowhere to hide from airstrikes and rockets, over 70,000 people found refuge in UNRWA Designated Emergency Shelters. We need to invest in preparedness, especially at a time people fear a new round of violence could start anytime.

Sixth, as the international community plans the recovery and reconstruction in Gaza, UNRWA is probably the best-placed entity to help rebuild damaged infrastructure and attend to the immeasurable level of trauma in the Palestine refugee community, particularly among children.

I can continue with more examples of the irreplaceable role that UNRWA plays as a source of wellbeing for Palestine refugees and a source of stability for the region and a contribution to peace.

I also want to stress, after having heard from skeptics and critics that UNRWA is a bottomless bucket, that UNRWA is one of the most cost-efficient organizations within the humanitarian and development sector.

A recent joint World Bank/UNHCR report hailed the quality of UNRWA education and its cost efficiency compared to local, regional and international indicators at less than US$ 900 per year per school child.

Having a unique mandate, UNRWA runs directly state-like services that compare to those under ministries. Our national salaries grid compares to that of the public sector in the host countries and is below the UN local salary scales in each of our fields of operations.

In line with the Grand Bargain, we are a highly “localized” organization with an average of one international staff for more than 180 national staff, the vast majority of whom come from the community we assist and protect.

The Agency has operated on three zero-growth budgets over the last six years, including for 2021. Despite years of austerity and cost control measures, UNRWA staff continue to innovate and adapt to the changing operational environment, as demonstrated during the pandemic.

Such measures have, however, come at a price that we pay, over time, in the quality of our services, the difficulty for the Agency to deal with any unforeseen emergency, and the drive and morale of my colleagues when the cost control measures last too long.

I know the pressure that my local colleagues have been under while UNRWA underwent one financial roadblock after the other. This has been a nerve-wracking experience for the Palestine refugees, the staff and the host countries.
A weakened UNRWA should be in the interest of no one. Unpredictability fuels instability. Investing in the human development of Palestine refugees remains one of the easiest and best investments for those keen to invest in the stability of the region.

**Financial update**

Let me now turn to the financial situation.

At the end of 2020, the Agency barely dodged financial collapse thanks to additional efforts of some committed donors, a US$ 30 million CERF loan and the deferral of salaries to staff. UNRWA started the year 2021 with a carryover of US$ 75 million in liabilities.

CERF loans have been critical over the last years to manage our cash flow and prevent an interruption in the delivery of services. Going forward, and until we jointly manage to put the Agency on a sustainable financial footing, it will be essential for the Agency to remain eligible to access the loan facility, as a last resort.

While we might seem to be in a better financial position compared to this time last year, we are not yet financially stable. We continue to live month by month. The return of the United States support has allowed us to reduce the shortfall. In return though, some major regional partners are still absent and other have reduced their contributions this year.

Today, halfway into 2021, the Programme Budget shortfall, based on estimated projections of donor contributions, remains at US$ 150 million, equivalent to over two months of operations. Our most immediate cash flow crisis will hit us in August, though it could hit us as early as this month, should any disbursement from donors anticipated for July be delayed.

By mid-August, we require US$ 30 million to cover the salaries of our 28,000 staff and critical needs like medicine and cash and food assistance for the poorest. In September, the Agency expects new disbursements that will allow it to continue operating that month.

Our Emergency Appeals for the Syria regional crisis and for the occupied Palestinian territory also remain seriously underfunded at respectively 35 per cent and 62 per cent. Funds are urgently needed to sustain food and cash assistance to over two million refugees across the region and continue our protection work in the West Bank.

Let me now thank you for your swift response to our Humanitarian and Early Recovery Appeal that has already started to support our efforts in Gaza after the latest conflict.

But let me also remind all that without a fully funded Programme Budget, the backbone of all our development and humanitarian services, the Agency will be unable to alleviate the suffering in Gaza and the mounting desperation in camps in Lebanon and fulfill its stabilizing role.
In March this year, I informed you that, contrary to previous years, it was not possible to implement additional cost control and austerity measures without these seriously affecting the scope of services to Palestine refugees. I urge you to consider very carefully what a reduction in services will mean for the rights and wellbeing of Palestine refugees and for their sense of stability and security.

Today, I appeal to all our partners present to explore all possible ways and means to provide additional support to the Agency, advance planned contributions or redirect contributions from other portals to the Programme Budget by mid-August. Some might even consider creative avenues such as long-term loans for revolving funds or non-reimbursable long-term loans.

I would like to acknowledge the cooperation and support of the UNRWA staff unions, Host governments and donors during these difficult times. I particularly refer to my decision to freeze the staff salary increments for 12 months with the understanding that these will be resumed when the financial situation of the Agency improves. This has been one of several measures that will help prevent a suspension of services to eligible Palestine refugees across our five fields of operations.

Allow me here to pause and thank my senior management and their teams for their relentless efforts to keep the UNRWA ship sailing, at times even against the winds. Between repeated financial crises, the latest war in Gaza, the pandemic that hit the region hard and politically motivated campaigns against UNRWA - especially targeting its stellar education programme - the UNRWA teams never stopped working and delivering. This is something commendable and I am extremely proud and inspired by my colleagues’ commitment and drive.

I also acknowledge that the last two years have been extremely demanding and stressful for the senior management of the Agency, and it is my priority in the next months to work with my senior team to strengthen the organizational culture, the team dynamic and the working environment. The senior management retreat early September– the first in person retreat since I started as Commissioner General - will be entirely dedicated to address unresolved, sometimes amplified, management issues recently identified by a study I commissioned.

**Dear colleagues, Dear Friends,**

During this AdCom session, we will have important discussions about enabling a modern and effective UNRWA to continue delivering on its mandate towards Palestine refugees.

The international conference that will take place in October under the leadership of Jordan and Sweden aims to move the Agency from short-term and precarious planning to long-term and solid sustainability.
To be successful, the international conference will confirm that the transformative journey of a Palestine refugee is punctuated by the regular positive interventions of UNRWA. Through this journey, we want to bring once more our services in line with our times, especially in the age of digitalization. We want to bridge the digital divide and continue helping young Palestine refugees compete with their peers elsewhere. We want to preserve the achievements of your investment in their human development over decades.

The UNRWA strategic blueprint is premised on the delivery of modern and quality services to Palestine refugees at a predictable budget of US $ 800 million per year, with an initial one-time capital injection to restore depleted UNRWA assets after years of austerity and enable the transformation of UNRWA. I appeal for your active participation in the discussions in the run up to the conference and for commitment to fair financial burden sharing.

A modern UNRWA is one whose services enable young Palestine refugees to grow and compete with their peers elsewhere. A modern UNRWA is one that is in line with the times, uses digital and IT technology to increase the efficiency of its services and broaden their coverage.

From mobile apps to full follow-up on pregnant women and diabetic patients, to telemedicine, to a digital learning platform and an IT hub in Gaza servicing the whole UN family, UNRWA has a lot of advances already. We should build on these successes to take the Agency to the next level and make sure Palestine refugees are never left behind. COVID-19 showed us that there is a digital divide between people. We at UNRWA aim to bridge that divide for Palestine refugees.

A strong UNRWA is an Agency that empowers Palestine refugees, helps youth fulfill their potential in line with the 2030 Agenda and contributes to an environment conducive to peace and stability.

A strong UNRWA is also one that is shielded from political attacks that seek to undermine its legitimacy as a way to erode the rights of Palestine refugees.

While acknowledging the highly political and politicized environment that UNRWA operates in, it is unacceptable to constantly be accused of irrational allegations such as incitement to violence or anti-Semitism. The Agency has zero-tolerance for incitement, hatred or discrimination in any shape or form.

We will spare no effort to uphold humanitarian principles and UN values and continue to strengthen the adherence of our staff and our education content to these values and principles. We will also continue to address immediately and firmly any breaches and will inform promptly our closest partners if such breaches occur.

I call on our closest partners present today to be proud of and defend their investment in the UNRWA education programme. I also invite you to extend an invitation to your Parliaments to visit UNRWA operations and, in particular, meet with our students.
I could not end these remarks without making reference to the exceptional events that followed statements made by the Director of UNRWA Gaza Field office. I wish to pause for a moment to reiterate my full support to Matthias Schmale and his deputy. I also acknowledge the reactions, at times divisive even inside UNRWA, to his comments and recognize the pain that these have provoked. I repeat that any civilian death is a death too many and is unacceptable.

But some of the slogans, statements and parodies directed against an UNRWA director amounted to threats against his safety. That was not acceptable. Some viewed this problem as a problem between the de facto authorities and the Agency or between the unions and the Agency. I can say with a high level of confidence, after my stays in Gaza, that the reaction came from the entire Palestinian spectrum. The day after my statement, authorities reiterated full security guarantee to any humanitarian workers operating in Gaza.

**Dear friends and colleagues,**

In concluding, let me stress again that it is in no one’s interest to have a weakened UNRWA, struggling to deliver services and distracting scarce resources to defend its reputation.

We have a unique opportunity in the coming few months to finalize the plans for a strong and modern UNRWA; an UNRWA able to play its stabilizing role in a region rife with violence and volatility; an UNRWA creating new opportunities and hope for a better future for Palestine refugees.

I am convinced that together we can achieve this.

Thank you.