

# Chapter One: Background

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On November 29, 1947, the UN General Assembly approved Resolution 181, which determined the end of British rule in Mandatory Palestine and the division of the land into two separate states: a Jewish state and an Arab state. Israel accepted the plan; the Arab world rejected it. On May 14, 1948, the Jewish leadership declared the establishment of the State of Israel, and shortly thereafter, Arab armies invaded the state. As a result of the war that broke out, hundreds of thousands of Arabs were uprooted and fled from their homes.<sup>4</sup>

Following these events and pursuant to General Assembly Resolution 302 (IV) in December 1949, the UN Relief and Works Agency (UNRWA) was established. Initially, the agency was designed to operate for two to three years, until the resolution of the conditions created by the state of emergency and the resettlement of some 700,000 Palestinians.<sup>5</sup> Notably, at the time, Palestinian refugees were only a small percentage of the tens of millions of refugees across the world who received various forms of aid from the UN following the upheaval of World War II.<sup>6</sup> Nowadays, UNRWA is responsible for over 5.5 million Palestinians registered as refugees in Lebanon, Syria, Jordan, the West Bank, and the Gaza Strip.

The following pages present an overview of UNRWA, focusing on three aspects: the establishment of the agency and its early functioning; the development of its mandate and activity; and its current organizational structure and funding.

## **The Establishment of UNRWA: The Initial Period**

The exact number of Palestinians who were uprooted and fled due to the war after the UN partition plan is unknown. As of 1949, the assessments ranged from over 577,000 Palestinian refugees according to the Israeli government's count; Britain's figure, which ranged between 600,000 and 760,000; and

900,000 and more, as claimed by several Arab states. In 1949, the UN's economic delegation to the Middle East estimated that a total of 726,000 non-Jewish refugees had fled Israel and did not succeed in returning.<sup>7</sup>

At the end of 1948, in an attempt to aid these refugees, the UN General Assembly established a plan called the United Nations Relief for Palestinian Refugees (UNRPR), which provided direct aid and coordinated voluntary aid offered by the International Committee of the Red Cross, the League of Red Cross Societies, and the American Friends Service Committee.<sup>8</sup> That same year, on the political front, the international community approved UN General Assembly Resolution 194 (III), which determined that “refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date.”<sup>9</sup>

General Assembly Resolution 194 also established the Palestine Conciliation Commission (PCC) to ease the return, resettlement, and rehabilitation of the refugees and the payment of compensation.<sup>10</sup> However, Arab states were adamant that Israel agree to the principle that the refugees be permitted to return to their original homes. Considering Israel's rejection of this demand, the PCC's most significant action was to organize a peace conference in Lausanne, Switzerland, which convened over five months. Unfortunately, at the climax of this period, in September 1949, the two sides (Israel and the Arab states) had hardened their positions.<sup>11</sup>

The next step was the establishment in 1949 of another international body, the Economic Survey Mission (ESM), which was subsidiary to the PCC and would adopt a different approach of examining ways of recruiting the workforce of the Palestinian refugees for employment and development projects in their host states. The dual aim was to develop the economies of the host states and to advance the settlement of the refugees therein. An ESM committee recommended that emergency aid under the auspices of the UNRPR continue until 1950 and then be replaced by an agency that would carry out an aid plan and public works for the Palestinian refugees.<sup>12</sup>

Following this, in December 1949, the General Assembly approved Resolution 302 (IV), establishing the “UN Relief and Works Agency (UNRWA) for Palestine Refugees in the Near East” as a subsidiary organ of the General Assembly, and the assets and obligations of the UNRPR were transferred to the new agency (see table 1 for the sequence of bodies leading up to the establishment of UNRWA).<sup>13</sup> UNRWA was thus a product of the failure

of the PCC to implement a solution to the refugee crisis based on General Assembly Resolution 194 (III) (1948). The establishment of UNRWA and the cessation of the PCC's efforts to work toward resolving the conflict<sup>14</sup> shaped the refugee issue as a problem of poverty and provided the international community with a new solution—economic development.<sup>15</sup>

As for UNRWA's ability to fulfill its purpose, the Arab League agreed to cooperate with the agency as long as it did not lead to the resettlement of the refugees.<sup>16</sup> Unlike UN missions or agencies that were established under Chapter VII of the Security Council, UNRWA relies on the continued consent of the host governments as expressed in periodic voting of the General Assembly to renew the agency's mandate. Israel also regularly declares its support for the humanitarian mission of the agency.<sup>17</sup>

**Table 1. Bodies leading up to the establishment of UNRWA**

	<b>Name of the body established</b>	<b>Description</b>
<b>1948</b>	The UN Relief for Palestinian Refugees (UNRPR) program	Providing direct aid and coordination of voluntary aid offered by other organizations
<b>1948</b>	Palestine Conciliation Commission (PCC)	Easing the return, resettlement, and rehabilitation of the Palestinian refugees and payment of compensation to them
<b>1949</b>	The Economic Survey Mission (ESM), under the auspices of the PCC	Developing the economies of the host states of the Palestinian refugees; advancing the settlement of the Palestinian refugees in the host states
<b>1949</b>	UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)	Shaping the Palestinian refugee issue as a problem of poverty—focusing only on economic development and refraining from the term “resettlement”

Despite UNRWA's existence since 1949, most UN humanitarian activities toward refugees who are not Palestinians is conducted through the UN High Commissioner for Refugees (UNHCR). UNHCR (details in the next chapter) was established shortly after UNRWA, which has remained a unique and exclusive agency for the Palestinian refugees. This is due to the insistence of Arab states that the UN is responsible for the events that led to the plight of the Palestinian refugees (by voting in favor of the establishment of the

State of Israel) and thus must accept responsibility for them until a permanent solution, accepted by the sides in the conflict, is found.<sup>18</sup>

### **The Development of UNRWA's Mandate and Operation**

Resolution 393 (V) from December 1950 determined that UNRWA had a dual, short-term mandate that was defined as follows: first, to implement direct aid and employment programs (as recommended by the UN Economic Survey Mission) in cooperation with local governments; second, to consult with the governments of the Near East about preparing for when international aid would no longer be provided for welfare and for employment projects.<sup>19</sup> The rationale behind this effort was to enlist the refugees in large development projects in the Middle East, which would eventually increase economic productivity and infrastructural growth in the region, while helping end dependence, extremism, and social stigmas related to the refugees.

This reasoning was based on explanations given by international bodies and the UN, according to which if the Palestinian refugees could be economically beneficial and productive for the region, it would be easier to then achieve a peace agreement between Israel and the Arabs. Based on this assumption, during its first few years (until 1960), UNRWA adhered to a policy understood to include refugees' resettlement outside of Israel. For instance, in 1950, UNRWA's director, John Blandford Jr. (from the United States), proposed a three-year plan at a cost of 200 million dollars to reintegrate 150,000–200,000 refugees in the Arab states hosting them.<sup>20</sup> In 1952, Blandford's plan was approved by the UN General Assembly,<sup>21</sup> and in 1959, the idea was ratified by the UN secretary-general, Dag Hammarskjöld.<sup>22</sup>

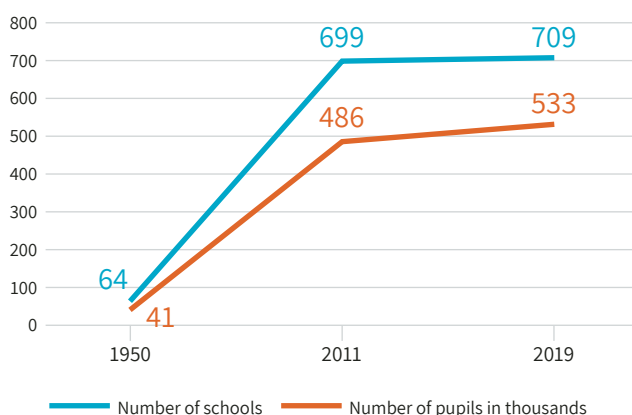
During that period, Washington supported the reintegration efforts through several State Department programs and proposals.<sup>23</sup> However, UNRWA's efforts to encourage the refugees' participation in its public works programs prompted a backlash from the refugees themselves, who saw their plight as resulting from the denial of their right to return to their homes in the territory that became the State of Israel, and not as a problem of poverty or unemployment. Accordingly, they saw UNRWA as a mechanism created by the Western powers to eliminate their political rights via socioeconomic measures.<sup>24</sup>

Such opinions were reported extensively in the press, in diplomatic correspondence, and in reports by UNRWA and emergency aid organizations

throughout the 1950s.<sup>25</sup> While the refugees rejected the resettlement, Israel opposed their return. In addition, the Arab host states were reluctant to resettle the refugees and shared the view that the economic projects were an attempt to circumvent achieving a political settlement to their problem, contrary to the statement in UN Resolution 194 that “refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date.”<sup>26</sup>

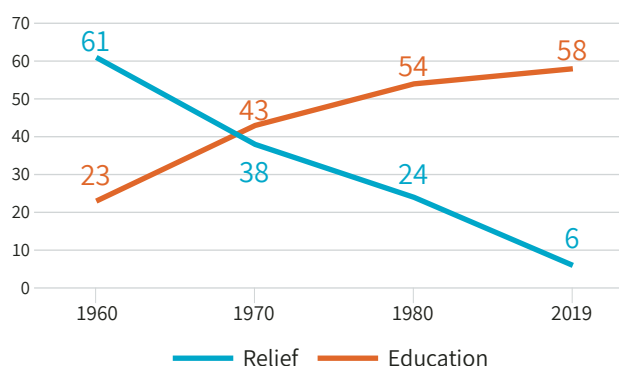
Given this situation, in 1959, the director of UNRWA, John Davis (from the United States), claimed that the agency’s mandate should be adapted and its purpose expanded so that it would provide education, impart professional skills, grant scholarships to universities, and offer loans and grants to refugees who wish to be independent. This was a turning point in UNRWA’s relations with the refugees and the idea of resettlement.<sup>27</sup> In effect, since 1960, references to the term “reintegration” have been omitted from General Assembly resolutions related to UNRWA—reflecting the recognition that this aim, in effect, failed.<sup>28</sup> This change can be interpreted as acknowledging that the opinions of the refugees could not be ignored, and at the same time as a reflection of the international community’s lack of desire to advance a comprehensive solution to the issue of the refugees. Davis clearly recognized this situation and was quoted as saying that UNRWA is “one of the costs—seemingly the cheapest one—that the international community is paying in order not to resolve the political problems of the refugees.”<sup>29</sup>

Indeed, over the years, UNRWA’s mandate considerably expanded from welfare and employment programs to contributing to the personal development of the Palestinian refugees and to areas such as education, health, social services, microfinancing, infrastructure, and emergency aid.<sup>30</sup> For instance, in 1950, UNRWA operated 64 elementary schools with 41,000 pupils, which employed some 800 teachers; by 2011–2012, UNRWA’s education program included 699 schools, 19,217 educators, and 486,754 registered pupils;<sup>31</sup> and in 2019, UNRWA operated 709 schools with 20,146 teachers and 533,342 pupils<sup>32</sup> (see figure 1).



**Figure 1. Number of UNRWA schools and registered pupils (in thousands)**

In a parallel process, aid expenses, which constituted 61 percent of UNRWA's budget in 1960, decreased to 38 percent in 1970, ten years after Davis's program was launched, and to 24 percent in 1980. In 2019, only 6 percent of UNRWA's budget was earmarked to aid and social services, with an additional 17 percent allocated to support services and improvement of infrastructure in camps.<sup>33</sup> In contrast, during those same time periods, the education budget's share grew from 23 percent in 1960, to 43 percent in 1970, to 54 percent in 1980,<sup>34</sup> and to 58 percent in 2019 (see figure 2).<sup>35</sup>



**Figure 2. Percentage of UNRWA budget directed toward relief and education**

Perhaps more than anything else, these figures are testament to UNRWA's evolution from an agency whose focus originally was relief to becoming that of welfare and education. The figures show how the agency moved away from its original intention of settling the Palestinian refugees in the Arab states that hosted them and encouraging financial independence in order to gradually wean them from UNRWA funds.<sup>36</sup> Simultaneously, however, it is important to note that UNRWA services benefit millions of Palestinians in the West Bank, the Gaza Strip, Syria, Lebanon, and Jordan. In addition to the services detailed above, the agency also provides food and medical aid as well as tents, blankets, water, and food in difficult winter conditions and ongoing emergency aid to Palestinians harmed by the frequent rounds of violence between Israel and Hamas in the Gaza Strip.<sup>37</sup> Furthermore, UNRWA is the most important body in coordination with the Israel Defense Forces (IDF) during the fighting and in its aftermath regarding humanitarian issues, such as providing food, medical services, and other services needed. In this respect UNRWA fulfills a vital role.

### **The Organizational Structure and Funding of UNRWA**

UNRWA is one of two UN agencies that report directly to the General Assembly and whose director is the commissioner-general and deputy to the secretary-general of the UN.<sup>38</sup> Details on the agency's mandate are revealed to the general public via the various resolutions of the General Assembly,<sup>39</sup> of which UNRWA, in effect, is considered a subsidiary organ.<sup>40</sup> This state of affairs supposedly is the product of an assumption, prevalent at the time of UNRWA's establishment, that creating the agency by virtue of a convention would cause delay due to the need for a prolonged ratification process.<sup>41</sup> Consequently, without a political-territorial resolution of the Israeli-Palestinian conflict, it is the General Assembly that periodically renews UNRWA's mandate.<sup>42</sup> Furthermore, the General Assembly is responsible for approving UNRWA's budget,<sup>43</sup> thus creating a situation where this body indirectly approves the agency's activities.

Regarding the role of the international community: States are entitled to clarify the scope of UNRWA's mandate, take part in the diplomatic process leading to decisions relevant to UNRWA's mandate, and, in certain cases, influence UNRWA via membership in its advisory committee.<sup>44</sup> As for funding, UNRWA is dependent on contributions from UN member states, in addition

to the UN's provision of 200 regular salaries for UNRWA's international staff.<sup>45</sup> As a result of the expansive growth in the population eligible for its services, since the 1990s, the contributions have been insufficient to effectively sustain UNRWA's programs, and the agency repeatedly has made budget cuts.<sup>46</sup>

In 2018, the United States—having contributed over 6 billion dollars to UNRWA since 1950 and in recent years having transferred over 350 million dollars to the agency each year (making it one of its biggest donors)<sup>47</sup>—had committed to provide a significantly lower amount of 125 million dollars. In practice, this amount was further cut in half, with President Trump's administration announcing on the last day of August that it would no longer support UNRWA, due to it being “an irredeemably flawed operation.”<sup>48</sup> Thus, in 2018, the United States contributed only 60 million dollars to UNRWA. This decision came after ten legislative initiatives that were advanced in the US Congress between 1999 and 2014 that aimed to make continued American aid to UNRWA conditional upon the agency's organizational reforms.

At the time of writing, although it is still too early to assess the consequences of the cessation of US funding to UNRWA, two findings are worth mentioning. First, following the termination of US funding, the commitment of the Arab states to support UNRWA also shifted slightly. Traditionally most Arab states refrained from contributing to UNRWA, as part of an effort to keep the Palestinian refugee issue on the international agenda and to pressure Israel to accept responsibility for their plight.<sup>49</sup> Thus, the five leading donors to UNRWA in 2017 were Western states, with the United States at the top of the list. Only one Arab state was among the top ten donors in 2017—Saudi Arabia (in sixth place, due to its wealth and its historic commitment to the Palestinian issue and as an effort to strengthen its standing as the leader of the Arab world). In contrast, figures from 2018 show that even though only one Arab state was in the top five donors (Saudi Arabia, in third place), of the top ten most prominent donors to UNRWA, 40 percent were Arab states (in addition to Saudi Arabia, the United Arab Emirates, Qatar, and Kuwait feature on the list) (see details in table 2 below).

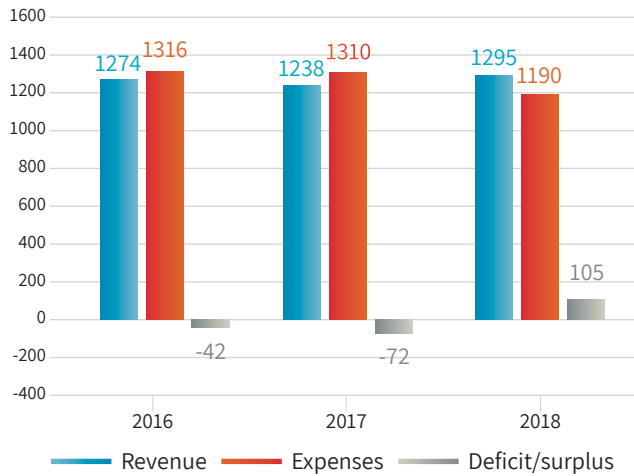


**Table 2. Top ten state contributors to UNRWA in 2017 and 2018**

	2017		2018	
	State	Total amount of contribution to UNRWA in 2017 in US dollars	State	Total amount of contribution to UNRWA in 2018 in US dollars
1.	United States	364,265,585	European Union	178,989,326
2.	European Union	142,515,744	Germany	177,439,447
3.	Germany	76,468,714	Saudi Arabia	159,956,771
4.	United Kingdom	67,014,302	United Kingdom	92,754,569
5.	Sweden	61,952,150	Sweden	64,999,762
6.	Saudi Arabia	53,275,000	United States	60,429,282
7.	Japan	43,373,337	United Arab Emirates	53,800,000
8.	Switzerland	27,179,767	Qatar	51,499,779
9.	Norway	26,377,890	Kuwait	50,000,000
10.	Netherlands	21,187,329	Japan	44,999,224
	<b>Total</b>	<b>883,609,818</b>	<b>Total</b>	<b>934,868,160</b>

**Sources:** 2017 figures taken from the official UNRWA website, accessed February 26, 2019, [https://www.unrwa.org/sites/default/files/top\\_20\\_donors\\_overall\\_pledges.pdf](https://www.unrwa.org/sites/default/files/top_20_donors_overall_pledges.pdf); 2018 figures taken from the official UNRWA website, accessed December 1, 2019, <https://www.unrwa.org/how-you-can-help/government-partners/funding-trends>.

Second, after a significant drop in funding from the United States, it is evident that UNRWA's income declined from 1.14 billion dollars in 2017 to 1.11 billion dollars in 2018.<sup>50</sup> However, examining the largest donors to UNRWA in 2017 and 2018 shows that despite the significant decline in US support, in 2018 the agency succeeded in maintaining its income from the top ten donors and even increased it by some 50 million dollars (see table 2). Furthermore, when considering the agency's ability to recover from the blow of the termination of US support, in 2018 when the US funding was cut in half—unlike the two previous years (2016 and 2017)—UNRWA did not end the year with a budgetary deficit (see figure 3).



**Figure 3. Comparison of UNRWA's revenues and expenses (in millions of US dollars)<sup>51</sup>**

**Source:** UNRWA, *Annual UNRWA Report for 2018*, 15, <https://www.unrwa.org/sites/default/files/content/resources/a-74-5-add.4.pdf>.

Consequently, even though it is too early to assess the results of the US decision to stop funding UNRWA, it is evident that for now this has led to increased involvement of the Arab world vis-à-vis the agency and has not affected—and may have even contributed toward—UNRWA's ability to end the year with a positive balance, unlike the two previous years.

The year 2019 brought with it another blow that affected the agency's funding; a leaked internal UN report surfaced, detailing failures and misconduct in UNRWA's managerial echelon, leading to the resignation of the agency's commissioner-general (for further details, see chapter 2, in the section on UNRWA's functioning). Following this affair, several states, including Switzerland and Belgium, decided to freeze future funding to UNRWA.<sup>52</sup> In December 2019, when the UN General Assembly approved the renewal of UNRWA's mandate for an additional three years (from July 2020 to June 2023), Acting Commissioner-General Christian Saunders noted that the funding freeze by certain states creates economic uncertainty for the years 2019–2020, and despite the success in 2018 in closing the deficits of previous years, UNRWA still needed 167 million dollars to “stay alive.”<sup>53</sup>

Given this situation, the next chapter examines UNRWA's operational paradigm and procedural functioning with a view to rethinking how the model that has served the agency for the past seventy years can be improved.