

**Introduction of report of the Working Group on the Financing of UNRWA:
Statement to the Fourth Committee by Norway (Rapporteur).
Delivered by Counsellor Mr. Andreas Lovold
31 October 2011**

Madam Chair,

Norway has the honor to introduce the report of the Working Group on the Financing of UNRWA [appearing as A/66/520].

The Working Group was convened at its first regular session by its Chair, Turkey, on 15 September 2011. The meeting took place at Expert level and provided an opportunity for its members to hear from the Director of the UNRWA Representative Office in New York, Mr. Richard Cook, about the Agency's grave financial situation as well as to get an update on the situation in the UNRWA's fields of operation. The Director of UNRWA in New York also updated the participants on the progress made on the request for additional funding from the UN regular budget which emanated from the efforts of the Working Group on the Financing of UNRWA in 2009. The Working Group met in its second session on 30 September and its third session on 6 October to discuss the report in more depth, and agreed and adopted it on 18 October 2011.

Madame Chair,

The extent and nature of the funding crisis facing UNRWA has become structural. Last year, I, as the Rapporteur of the Working Group, was reporting a serious financial crisis in UNRWA's Regular Budget. This year, the crisis is even more serious as prospects to bridge the financial gap remains distant, only two months from the end of the year.

As of end of September 2011, the anticipated funding gap against the downsized 2011 budget of \$598.5 million was \$47.6 million. While many generous countries, often the traditional donors of UNRWA, have come forward with additional contributions to bridge the financial gap last year, UNRWA fears that these governments will not be able to repeat this for the current year. With a population growing at an average rate of 3% per year, the level of current contributions for the Agency's General Fund budget is inadequate to meet the basic needs of a vulnerable Palestine refugee population. It should be emphasized that this vulnerability means that any shortfall in funding and therefore services have an immediate and serious impact on the wellbeing of the beneficiaries.

The depletion of UNRWA's working capital reserve coupled with the large funding gap forecast make it impossible for UNRWA to fully finance its operations in 2011, unless new contributions are received soon. Higher and more predictable income remains critical, as the shortfall, if not bridged, could have a devastating impact on the Agency, the people it serves, and the region.

Madam Chair,

The Working Group's report highlights the urgency of replenishing UNRWA's working capital reserve as a matter of high priority, which involves the injection of about \$ 145 million to create a safety cushion for the Agency's finances. The report notes that the consequences of this structural financial crisis are many and dramatic. These consequences do not only undermine access to, and the quality of some UNRWA services, but also result in increased hardships for staff and jeopardizing the ability of the Agency to continue the major management reform efforts initiated in 2006, and further deepened under the new Sustaining Change initiative. It also notes that the funding shortfall makes it difficult to comply with UN General Assembly mandated initiatives, including in the areas of security, finance, and internal justice reforms.

The report also contains an update on the steps taken by UNRWA to improve its mobilization of resources including the establishment of a new and more strategic External Relations and Communication Department, and the widening of its donor base to reach non-traditional sources of funding.

The report mentions some of the main challenges the Agency is currently facing in its areas of operation. This includes, in Gaza, the additional costs incurred by the Agency due to the heavily bureaucratic import procedures, and the lack of physical capacity at Karem Shalom, the only operational crossing point from Israel into Gaza, to allow sufficient material and goods in and out of Gaza. Whilst acknowledging recent measures by the Israelis to facilitate better movement across the checkpoints, the Working Group calls on the Israeli Government to accord

the Agency free and unfettered access and in this regard to further simplify the approval process by which the Agency transports humanitarian materials to Gaza.

In view of the difficult humanitarian conditions in the occupied Palestinian territory, the Working group urges all potential donors, traditional and non-traditional, to redouble their efforts to fully fund the Agency's emergency appeals for 2011. The Working Group is, in particular, alarmed by the little funding received to date for the Reconstruction of Nahr el Bared Camp in Lebanon, UNRWA's largest project ever. The Working group calls upon all donors, including countries in the Middle East region, to lend their full support to the reconstruction and relief operations until the camp is rebuilt.

The Working Group also welcomed donations by some governments to UNRWA in Syria.

Finally, the need for the General Assembly to provide the Agency with adequate financial support was highlighted. This entails reviewing the adequacy of current levels and scope of funding from the UN regular budget to meet contemporary demands on the Agency's management. The Working Group also recalled, in this regard, that some of these issues have been addressed in the report of the Secretary-General on the Strengthening of the Management Capacity of UNRWA, in which he proposed an increase of \$5 million to support additional international staff positions for the upcoming biennium 2012-2013. The Working Group urges all Member States, to consider the request of the Secretary-General to increase the funding to UNRWA from the UN Regular budget levels, without an overall increase of the latter.

Madam Chair,

To summarize, the main recommendations of the Working Group were as follows:

- First, in view of the large expected funded gap, it reiterates the need for new and traditional donors to step up to ensure that UNRWA's services are maintained in order for it to fulfill its mandate.
- Second, it remains concerned over the structural deficit and the depletion of its working capital;
- Third, it welcomes the conclusion of the Secretary General's report on the Strengthening of UNRWA's Management Capacity.
- Fourth, it urges all donors to redouble their efforts to fully fund the Agency's Emergency Appeal for 2011 and notes with concern the lack of funding for UNRWA's projects, in particular Nahr El Bared in Lebanon.
- Fifth, it expresses concerns over the situation in the occupied Palestinian territory and supports further opening of Gaza, consistent with, among others, Security Council Resolution 1860.
- Finally, it reiterates its support for UNRWA's ongoing reforms.

Madam Chair,

In conclusion, the Working Group reiterated that humanitarian problems faced by the Palestine refugees must be addressed as a shared international responsibility, pending a final and comprehensive settlement of the Israeli-Palestinian conflict. The services provided by UNRWA must be viewed as the minimum required. In this regard, the Working Group reiterated its belief that UNRWA plays a vital role in providing assistance to the Palestine refugees as well as in preserving the stability and security of the region. It is the responsibility of the international community, including new and traditional donors, to assist in meeting this strategic goal, notably through adequate funding of the Agency's programs, in accordance with the changing needs of the refugee community.

Therefore, the Working Group strongly urges all Member States to contribute as much as possible to UNRWA's General Fund as a priority and a matter of urgency, but also to its emergency appeals and projects. In particular, it urges those Member States that have only made small contributions to increase their funding to the Agency. It also urges all Member States to consider the Secretary-General's recommendations to increase the funding to UNRWA from the UN regular budget without an overall increase in the latter. Finally, the Working Group calls on Member States that have not yet contributed to UNRWA to do so on a regular basis and urges current donors to increase their contributions and provide them in a timely and predictable manner.

The continued commitment of the international community to the refugees remains essential in the absence of a just and durable solution to their problem and in light of the continuing conflicts in the region, which have had devastating economic and social effects on the Palestine refugee community.

Thank you, Madam Chair.