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Long-Awaited Report on UNRWA Misuse of Donor Funds and Breach of Its Mandate

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UNRWA's mandate has been renewed by the UN General Assembly for the past 70 years, and **its current mandate is set to expire on June 30, 2020**. Yet, as additional countries join the ranks of those refusing to renew this financial and managerial black hole known as 'UNRWA,' the continuation of the charade of 'perpetual refugee-ism' may be in doubt.

This paper examines the exorbitant, highly inflated rise of UNRWA's budget demands over the past 10 years (\$1.11 billion USD in 2018 alone), and both the misuse and the utter lack of transparency and accountability as to how those billions of dollars have been spent.

## I. I. Historical Overview

On 14 May 1948, the 30-year British Mandate for Palestine was formally ended by the British Colonial Office. Britain's chaotic evacuation of its civilian and military personnel was immediately followed by an invasion by seven Arab countries vowing to annihilate the newly declared State of Israel. In the course of the 1948 Arab-Israeli War, approximately one million people, both Arabs and Jews, were left displaced and homeless. In the aftermath of these developments the UNGA responded by calling to a post-World II war refugee crisis

upon international organizations such as the International Committee of the Red Cross (ICRC) to provide humanitarian aid to the refugees.

## II. II. Creation of UNRWA

Six months after the war, in November 1948, the UN established the United Nations Relief for Palestine Refugees (UNRPR) to extend aid and relief to Arab refugees who did not remain under Israeli sovereignty, and to coordinate the efforts of NGOs and other UN bodies. On December 1948, the UN established the 'United Nations Relief and Works Agency for Palestine Refugees in the Near East' (UNRWA), as a 'subsidiary organ of the UN'. UNRWA was assigned the assets of the UNRPR and took over the ICRC's refugee registration records.

## III. III. The UNRWA Mandate

According to the UNRWA website, the UN agency was originally mandated to "carry out direct relief and works programs in collaboration with local governments, consult with the Near Eastern governments concerning measures to be taken preparatory to the time when international assistance for relief and works projects is no longer available, and plan for the time when relief was no longer needed."

All other UN refugee relief efforts globally are handled via the United Nations High Commissioner for Refugees (UNHCR) which is tasked, as part of its specific mandate, "to aid its refugees *to eliminate their refugee status* via local integration into the host country, resettlement in a third country, or repatriation where feasible." (Emphasis added.)

No such requirement to resolve the refugee status of beneficiaries *has ever applied to* UNRWA.

## IV. IV. Perpetuation of Refugee Status

The UNRWA definition of 'refugee' differs radically from that used by other refugee relief agencies. According to the UNRWA mandate, the operational definition of a Palestine refugee is any person whose 'normal place of residence was Palestine during the period 1 June 1946 to 15 May 1948 and who lost both home and means of livelihood as a result of the 1948 conflict"—and *descendants of fathers fulfilling the definition*. In practice, this means that 'Palestinian refugee status' is inherited from generation to generation.

## V. V. Today's UNRWA Refugee Beneficiary Figure

The official figure of displaced Arabs stands at 700,000—although even that figure is in dispute given the records of the 1949 census and the report of the UN Mediator on Palestine which arrived at a figure 472,000, and *which calculated that only about 360,000 Arab refugees required aid*.

Regardless of the original figure of Arab refugees from the 1948 war, due to its policy of ‘perpetual inheritability of refugee status’, UNRWA cites a **whopping 5.4 million ‘Palestinian refugees’ on the dole of UNRWA**. It is this figure that UNRWA points to as it campaigns to wrest additional millions of dollars from donor countries to fund its ‘duty stations’ in the West Bank, Gaza, Jordan, Lebanon and Syria.

## VI. VI. Critical Findings Of DIOS: UN’s Internal Oversight Apparatus

In April 2018, the UN’s Department of Internal Oversight Services (DIOS) released its report covering a wide variety of investigations of management and financial improprieties of UNRWA during 2017.

### A. A. Lack of integrity of UNRWA Promotion process

Among the issues cited by DIOS were instances of promotion to senior positions even as those staff members who were facing serious, unresolved allegations of misconduct. No legal framework existed for dealing with such, nor was there any provision to delay an appointment while such allegations were being investigated. The DIOS report cited the need for integrity checks—for which no procedure currently existed—to be made before promotion to senior positions. Furthermore, they cited the need for management to have the legal capacity to delay an appointment until integrity objections were resolved. Thus, the spectre of cronyism and nepotism looms over UNRWA’s promotion and selection process without regard for circumstances which, for other international organizations, would halt such promotions.

### B. B. No AdCom Oversight over Financial or Operational Management

It must be noted that although UNRWA has an advisory commission (AdCom), it has *neither charter nor power to inspect or examine financial expenditures and operational management. Furthermore, it has no input into senior appointments or strategic direction.*

In consequence of that lack of oversight controls, the DIOS report raised the following caveat:

UNRWA appears to be unique in the UN system, in not having any board of governors, board of directors or similar body. It appears no other UN body has this situation. Compounding matters, UNRWA does not have an audit committee. These two bodies would normally examine operations, inspect finances, and approve senior appointments.

Those serious governance deficiencies have resulted in UNRWA operating at both the managerial and the fiscal level with a significant lack of transparency.

### C. C. Lack of Centralized Investigations

As DIOS reported in previous years, the conducting of *decentralized investigations* by individual UNRWA Field Offices has limited the influence of DIOS and hampered the ability to undertake centralized, objective investigations. DIOS' operational staff is thus hobbled, both in terms of the technical skills of the investigators, and their lack of independence from Field Office Senior Management.

### D. D. 15% Increase in Misconduct Allegations

The total numbers of misconduct allegations at UNRWA received by DIOS has continued to increase steadily since the previous review in 2004. Corporal punishment cases continue to be the most frequent type of allegation received among all Field Offices except in Syria. Notably, Breach of Neutrality violations (*de-legitimization, demonization, and teaching of war education against Israel*) increased from 16 in 2016 to 55 in 2017.

### E. E. Mismanagement at Cairo Liaison Office

DIOS's inspection of the UNRWA Cairo Liaison Office in Egypt revealed a pattern of mismanagement of UNRWA resources, misrepresentation, and 'conduct not befitting a civil servant'. Pursuant to the issuance of the 2017 report, various actions were taken by management to rectify the situation, but not all recommendations have been implemented.

## VII. VII. Funding "Citizen- Refugees" of Host States

Not only are UNRWA's beneficiary ranks swelled by the aforementioned 'inherited refugee' status of all of those descended from male displaced persons, but also by an oxymoronic category of 'citizen-refugees'. Indeed, individuals who, rather than remaining 'homeless', have obtained citizenship in host countries, nevertheless continue to be classified as 'refugees' entitled to UNRWA relief. This is especially true in Jordan, *where the vast majority of UNRWA 'refugees' hold Jordanian citizenship*. To a lesser degree, the same scenario presents in Lebanon. Furthermore, this 'status-based' basis for receiving UNRWA aid has nothing to do with a 'need-based' assistance program.

No real justification exists for millions of dollars' worth of donor funds going to subsidize beneficiaries who are citizens of Arab states and who can well afford to pay for the very UNRWA benefits they receive.

VIII.

## IX. VIII. Inordinate Population Growth

In December 1982, the UN General Assembly, aiming to increase the Palestinian displaced persons count, requested that UNRWA issue identification cards to 'all Palestinian refugees globally and their descendants, irrespective of whether they were recipients of UNRWA

rations and services'. Prior to that resolution, UNRWA ID cards were issued 'per family'. Among the significant aspects of this resolution was the *population figure for UNRWA aid recipients* being pegged at '1.9 million'. Yet, the 2019 figure used by UNRWA in order to convince donor countries of the need to boost their UNRWA donations, is 5.4 million—a 280% increase—much higher than neighbouring Egypt and Syria and more than double that of industrialized Western countries over the same 37 years.

#### X. IX. Global Palestinian Population Count Falls Short of Claims

To assist in the implementation of the aforementioned resolution, governments around the world were asked to report on resident Palestinians. From the few replies received, the *total of those referred to was less than 500*. In light of the unexpectedly low figures submitted by world governments, the UN Secretary General determined that he was 'unable, at this stage, to proceed further with the implementation of the resolution'.

#### XI. X. Bloated Budget, Bloated Staff

UNRWA's **\$1.2 billion** budget is out of line relative to the beneficiaries it serves. By contrast, the 2019 budget of UNHCR—the UN's relief agency serving *all other displaced persons from every other conflict around the globe*—is **\$8.6 million**. Note that UNHCR funds the relief efforts for 20.4 million refugees—*four times the reputed number of UNRWA beneficiaries and 11 times more than actual registered refugees*—on that comparatively meager budget. Thus, UNRWA has approximately \$530-\$1500 per refugee for every \$1 available to UNHCR.

Similarly, UNRWA's bloated staffing numbers defy all logic: 30,000 employees are on the UNRWA payroll, but about half that number—16,800—are on the payroll of UNHCR.

#### XII. XI. Contractors' Opposition to GRM

Five years ago, an arrangement was carved out between Israel, the UN, and the Palestinian Authority (called the Gaza Reconstruction Mechanism, or 'GRM') pursuant to which war-torn areas of Gaza were to be rebuilt, and 'essential construction materials' would be allowed into Gaza. Objections from numerous Palestinian organizations scuttled the deal. Nevertheless, UNRWA claimed GRM housing assistance expenses for over 11,000 families as part of its budget, and further claimed to be coordinating dozens of UNRWA infrastructure projects.

#### XIII. XII. UNRWA Contractor Tenders

Among the requirements for bidding on UNRWA infrastructure projects in Jordan and Gaza is that the contractor be a 'member of the Palestinian Contractors Union'. No other UN agency has such exclusion clauses designed to benefit a particular trade consortium. To do so would raise fair play and open competition issues in violation of the UN's own 'Guiding

Principles on Humanitarian Assistance of 1991'. More troubling still is that Israel has identified 40% of those contractors as security risks to whom projects should not be awarded nor dual-use material transferred.

#### **XIV. XIII. Skewing UNRWA's Expenditures**

Make-work projects for 'construction of a retaining wall' or for endless 'camp infrastructure' and 'remodelling' may be hidden in UNRWA's otherwise impressive 'Educational Budget'—leaving donors to assume that all such expenses are for books, teachers, and classrooms rather than for well-connected contractors.