

# PALESTINIAN REFUGEES AND UNRWA

## Briefing Paper by Oxfam GB

### Executive Summary

Oxfam GB has been working with Palestinian refugees for fifty years, supporting initiatives in health, education and livelihoods. It currently supports projects which involve refugees in Lebanon and the Palestinian Territories, in the fields of vocational training, early childhood development, and gender.

Within the framework of its programme and advocacy interests in the Middle East, Oxfam GB is increasingly concerned with the deteriorating position of Palestinian refugees. The shortfall in UNRWA's General Fund budget in recent years, coupled with the depletion of its reserves, is already putting a huge strain on the social service infrastructure. Furthermore, there are growing indications of an actual decline in the health and education status of refugees.

This crisis comes at a time of sharp economic downturn for many refugees, compounding their more vulnerable position compared with non-refugees in terms of poverty, living conditions, and the range of refugee-specific social problems.

Not only is UNRWA's funding crisis a problem in itself, insofar as it represents a reduction in entitlements to some of the poorest people in the region, it also feeds the perception of many refugees that the under-funding of UNRWA is a deliberate policy that is somehow linked to the peace process, possibly prejudicing their position in talks on final status.

Oxfam believes that now, more than ever, the international community must increase its support to UNRWA until such time as a durable solution to the refugee crisis is found. This will require renewed dialogue and action by all parties, most importantly UNRWA and its donors, in order to prevent a further deterioration in refugee services and to ensure that the social investments of the past 50 years are translated into long-term development benefits for the region's most chronically poor group.

Oxfam GB is therefore calling on the international community to:

- **Act immediately to increase contributions to UNRWA's General Fund in order to halt the decline in the quality of basic services provided to refugees;**
- **Work together with UNRWA and all of its stakeholders to strengthen the agency's ability to deliver high quality and cost-effective services;**
- **Strengthen a wider range of institutional capacities to tackle the chronic poverty and long term development problems faced by Palestinian refugees.**

# 1. The Context of the Crisis

- 1.1 The United Nations Relief and Works Agency for Palestine Refugees (UNRWA) was formed in 1950 as an emergency relief and works agency but over time, transformed into the provider of basic education, health and social services to registered refugees. Despite lacking a political mandate UNRWA became, for refugees and host governments alike, the embodiment of international recognition and concern for the situation of Palestinian refugees.
- 1.2 Within the framework of the Middle East peace process, the refugees were defined as one of several “permanent status” issues (along with questions of Jerusalem, settlements, water and borders) that were deferred for negotiation by the parties until after conclusion of the interim phase of agreements. Scheduled originally to begin no later than May 1996, action on the final status talks was postponed indefinitely with prolonged deadlocks in the interim-phase negotiations.
- 1.3 Thus, although the inception of the peace process in 1993 led to a scenario in which an end to UNRWA’s role could be envisaged, political discussions following the signing of the Declaration of Principles involving all parties concerned with refugees reached a consensus that UNRWA must continue providing basic services to refugees until the conclusion of permanent status talks and a political resolution of the refugee problem is found.
- 1.4 Despite this agreement, the position of UNRWA and refugees has become increasingly vulnerable. The factors leading to this situation may be to do with assumptions and perceptions of the international community, notably in two regards;
  - i) the international community continued to operate within a paradigm of a successful peace process under which the role of UNRWA was seen as being phased out, despite the deadlock in the peace process since early 1997, and*
  - ii) there has been a considerable increase in overall assistance to the Palestinian Territories since 1993 and this has tended to disguise the fact that over the same period, assistance to UNRWA has remained stagnant.*
- 1.5 Recent months have witnessed attempts to get the peace process back on track. The US-sponsored Wye agreement mandates the restarting of permanent status negotiations immediately, with a deadline of May 4th 1999 for their conclusion. While this may be a hopeful indication for refugees, serious obstacles to the full implementation of Wye are present, and there has been no movement to date. The talks on refugees will be among the most complex, difficult and divisive, as there is currently no common ground on such basic issues as the definition and number of refugees, the right of return and compensation. UNRWA is expected to continue to provide services through the period of permanent status negotiations and probably into the period of implementation of such an agreement. This process could easily take some years.

## 2. The Deteriorating Capacity of UNRWA to Deliver Services to Refugees

- 2.1 Between 1991 and 1998, UNRWA's registered refugee population increased by 33 per cent (from 2,648,707 to 3,521,130), while **donor-financed general fund expenditure declined by 1.5 per cent** (from \$255.9 million to \$252 million).<sup>1</sup>
- 2.2 **This represents a 26 per cent drop in spending per registered refugee in 7 years, from \$96 in 1991 to just \$71 in 1998.** UNRWA has been operating in this period with a chronic budget deficit. The main cause of this deficit is the unwillingness of donors to increase funds sufficiently to meet the demand placed on UNRWA's services by the demographic growth of the refugee population.
- 2.3 UNRWA's budget deficit comes at a time of a **severe economic downturn within the area**, most notably so with regard to the Palestinian Territories. Between 1992 and 1996, the per capita income in the West Bank and Gaza Strip fell by 36 per cent in real terms. Within this, refugees who live in camps (comprising 23% of the total population of Gaza and the West Bank) are among the worst affected given their already vulnerable socio-economic position. In Lebanon too, despite the end of the war, the Economist Intelligence Unit estimates that purchasing power of salary earners fell by 10-15 per cent between 1991 and 1995 due to high inflation levels.
- 2.4 UNRWA has been able to continue operating with the resulting deficit by imposing a series of cost-reduction policies, which it refers to as austerity measures, and by eating into its reserves. **As of 16th July 1998, UNRWA reported that its working capital was to all practical purposes non-existent**, making it vulnerable to any change in expected income or expenditure.
- 2.5 The austerity measures include deferred and frozen recruitment, elimination of local and international posts, reductions in travel, equipment and supplies, and the placing of caps on some services. As a result, there is already evidence of **declining achievement levels** among students, **rising classroom occupancy rates** due to a shortage of teachers, **rising incidence of double-shifting** in schools, and a declining availability of well qualified health and teaching professionals. Over the past five years UNRWA has only **been able to recruit about half the number of new teachers required** to keep pace with the growth in the number of students. Furthermore, cash payments to Special Hardship Cases have been reduced, as has the shelter rehabilitation programme of the general fund.
- 2.6 In summary, the stagnation in financial support for UNRWA's general fund is leading to a deterioration in the quality of services it is able to provide to refugees. Not only is this a problem in itself, insofar as it represents a reduction in entitlements to some of the region's poorest people. It also feeds the perception of refugees that underfunding of UNRWA represents a conspiracy amongst donors which is linked to the peace process, possibly prejudicing their position in talks on final status.

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<sup>1</sup> The general fund (GF) is the principal budget that includes coverage of recurrent costs in education, health and social services. The budget figure for 1998 is the expected GF income as of July 1998.

*An Oxfam GB project partner in Lebanon (Vocational Technical Training Committee - VTTC) offering technical training to students who choose to leave the formal education system, provides the most graphic evidence of the declining quality of UNRWA schools. In two of VTTC's centres the percentage of applicants for its vocational courses from students educated in UNRWA schools has been falling. In the entrance exam UNRWA students have a consistently lower pass rate than students coming from other schools. In 1997/98 in three of VTTC's centres for which data is available, the pass rates for applicants from UNRWA schools were 23 per cent, 15 per cent, and 48 per cent as against 40 per cent, 59 per cent, and 63 per cent respectively for applicants from other schools. VTTC is now so concerned about the declining quality of applicants that it has decided to do away with the simple entrance exam for its courses as fewer students were passing compared with previous years, and for those that they do take in they have now been forced to include basic maths, language and science classes as mandatory. Further it has decided to freeze plans to introduce new courses or to significantly upgrade the technical level of its current courses.*

### **3. Poverty and Development: The Dangers of the Status Quo**

- 3.1 High refugee population growth, the unwillingness of donors to increase contributions to UNRWA and the lack of an expanding and diversified donor base point to the increasing vulnerability of refugees in the region.
- 3.2 If the status quo continues, UNRWA's general fund spending per refugee would drop to around \$60 per annum by the year 2003, almost 40 per cent lower than a decade earlier. Oxfam acknowledges donors' concerns with cost-effectiveness and supports measures aimed at improving efficiency. Nevertheless, we believe the projected decline in per capita expenditure is deeply disturbing in terms of its potential impact on poverty.
- 3.3 Oxfam notes that refugees living in camps and camp catchment areas face specific developmental problems that leave them particularly vulnerable to a decline in the quality of services available. The camp residents have joined the ranks of the region's chronic poor, their indicators suggesting that refugee camps have become home to problems comparable with inner-city ghettos elsewhere. Camp refugees form a distinct and disadvantaged sector, characterised not only by poverty, but by a mix of low status, limited opportunity, and increased vulnerability. Fifty years after the creation of the refugee problem, it is clear that the 25 per cent of refugees who remain in camps lack options that are available to non-camp refugees. The continued access to UNRWA's services, and the maintenance of those services at levels comparable to those of the host countries, is a crucial element in protecting camp refugees from a serious decline in their quality of life.

- 3.4 Refugee camps are no longer the makeshift tented structures of the early years, but 50 years on are densely-packed and crowded fixed constructions. Density is a direct result of high fertility rates specific to camps combined with the camps' fixed borders, prohibiting access to land for housing, livelihood or public space. Research by Fafu, Cermoc and IPCRI on camp populations highlight the consequences of chronic density: poorer housing, greater physical and mental health problems, increasingly poor study habits among children, and a sense of powerlessness among the population. Chronic density issues interact with poverty. In Lebanon, Jordan and Gaza, overall poverty is greatest in camps; even in the West Bank, where some villages are statistically poorer, camp populations lack the livelihood and investment options (agriculture and housing) open to villagers.

A 1997 Fafu survey conducted in Jordan and submitted to the Refugee Working Group found that among Palestinian refugees and displaced, those who live in camps suffer from poorer housing, higher unemployment, lower income, and more physical and mental health problems than the general population. Male unemployment was 16 per cent in Jordan, but 25 per cent in camps; households with income below the poverty level were 27 per cent in camps, 11 per cent among all refugees, and 8 per cent among non-refugees. The survey found much greater self-perceived health problems among camp residents, combined with less access to health insurance. Overcrowding is greatest in camps, with 40 per cent of camp refugees having 3 or more persons per room, and 44 per cent having 4 or more persons per room.

- 3.5 Given all of the problems mentioned above, it is essential that following an acceptable political solution to the refugee issue being agreed, UNRWA should be in a position to hand over a programme of services that are cost-effective and of a high quality. Allowing these services to deteriorate prior to such a solution being agreed, not only represents a diminished commitment to the refugees today, but also prejudices the long term development prospects of Palestinian refugees throughout the region.
- 3.6 As such, a renewed commitment to UNRWA today is necessary not just in terms of demonstrating an international commitment to Palestinian refugees, but to protect the considerable social investment which has already been made in their future. Oxfam's experience elsewhere clearly demonstrates that falling investment in basic social services, even over a short period of time, has significant consequences for development over a much longer period.

## 4. Oxfam's Proposals

*Given the chronic vulnerability of Palestinian refugees, and the current crisis faced by UNRWA, Oxfam GB is calling on the international community to demonstrate political will and:*

### 4.1 Increase contributions to UNRWA's General Fund

*It is of primary importance for donors to take urgent action to increase contributions to UNRWA's General Fund and to address recurrent cash-flow problems, in order to halt the decline in the quality and quantity of basic services provided to the growing registered refugee population.*

- In calling for this, Oxfam stresses the need to sustain financial support to UNRWA **until an acceptable resolution of the refugee problem has been found**, without prejudice to UNRWA's subsequent position or role.
- Moreover, Oxfam recognises and respects the considerable contributions of UNRWA's core donors and their willingness for dialogue.
- However, Oxfam considers that this period of increased political as well as economic vulnerability is not an appropriate juncture for Palestinian refugees' historically accepted entitlement to basic services to be undermined, especially in the absence of frameworks for guaranteeing their subsequent access to alternative sources of basic services.

### 4.2 Strengthen UNRWA's Capacity to Deliver Services

*Oxfam calls upon UNRWA and all its stakeholders (the donors, host countries, the Palestinian Authority, the PLO, NGOs and refugee communities) to initiate a process that genuinely and positively explores more effective options for delivery of services to refugees.*

- There are two broad areas for action: i) *increased stakeholder involvement*; this includes improved communications and transparency between UNRWA and its donors, more effective financial systems, and cost-effectiveness measures, and ii) *improved strategies for service delivery*: these include the need to explore more cost effective delivery models and enhancing participation of the community, both of which will strengthen the scope for improved quality of services and effective integration of these services on a sustainable basis in the future.
- This should not be a forced cost-cutting or austerity exercise, but a genuine endeavour to examine possibilities for relieving the chronic pressure on the UNRWA system.

- One of the barriers to resolving the current financial crisis is the lack of transparency and communication which has developed between UNRWA and its donors. What is therefore needed is a change in approach and attitude among the stakeholders, so that fundamental issues of refugee entitlements are not challenged, and that options for change are openly debated. This by definition requires resolution of UNRWA's immediate financial crisis in order to facilitate a conducive environment for debate. It also requires an improvement in the exchange of information on quality of services, the health, education, and livelihood status of refugees and the establishment of systems to promote such information being made available. Unless this happens, we are concerned that the refugees will continue to pay the price.

#### 4.3 Enhance Capacity to Address Poverty and Development Concerns

*Oxfam calls on the development community to initiate the process of building institutional capacities for addressing the chronic developmental problems faced by refugees.*

- There is a pressing need to consider the strategic orientation of the enormous development assistance programme to the Palestinian Territories in terms of poverty reduction and sustainable development, especially for camp populations.
- The particular problems of poverty (which go beyond access to services) that are faced by poor refugees, mainly those resident in camps, need to be fully understood and addressed. Specifically, civil society structures and mechanisms for addressing chronic development concerns need to be evolved through a dialogue among all the concerned actors. Community-level initiatives which complement the role of UNRWA need to emerge with the support of donors such that refugee groups are strengthened in their ability to improve their own situation with regards to poverty, empowerment and social development.
- Any future benefits from the political process can only be sustained if communities become stakeholders in their development, including for ensuring continued access to basic services for 3.4 million registered refugees who currently depend on UNRWA.

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