**UNRWA –2021 Program Budget and long-term implications of funding shortfalls**

**UNRWA’s 2021 Program Budget**

UNRWA ended 2020 with liabilities of $75 million. For 2021 the backbone of UNRWA’s operation, the Agency’s Program Budget, will remain at the 2020 level of $806 million. Even with US re-engagement, Agency income forecasts project an expected shortfall of $241 million. Based on latest cash flow projections and expected disbursement times, the Agency will face a cash flow crisis (no cash will be available) as of March.

**How did the Agency arrive at this moment?**

In 2018 the Trump Administration ended the United States’ nearly 70-year relationship with UNRWA, a component of its decision to terminate all humanitarian aid to Palestinians, thereby making them the only civilian population in the world that the US denies access to its humanitarian assistance. Despite being confronted by this abrupt loss of $300 million (a third of the Agency’s budget), UNRWA was able to keep its schools and clinics open in 2018 thanks to the generosity of existing and new donors and internal cost-saving measures.

Unfortunately, since 2018 the Agency has seen a steady drop in donor support, a function of competing needs - particularly during a global pandemic - and changing regional politics. In December of 2020, for the first time in its 70-year history, it was not able to pay its nearly 30,000 employees (most of whom are refugees themselves) on time. The exceptional generosity that immediately followed the US decision in 2018, particularly from the Gulf countries, decreased in 2019 and severely dropped in 2020. Core contributions to the Agency in 2020 were $44 million below 2019, $282 million below 2018, and at par with 2012 levels. The Agency entered 2021 with $75 million in liabilities, despite $500 million in programmatic cuts and cost savings over the past three years.

**Was the US decision in 2018 really about UNRWA’s performance?**

No. Both [President Trump](https://www.aninews.in/news/world/us/if-you-dont-do-it-now-itll-never-happen-trump-on-israeli-palestinian-peace-deal20190630071225/)[[1]](#footnote-1) and [Jared Kushner](https://www.youtube.com/watch?v=PhvLnUPxpwo&feature=youtu.be&t=1246)[[2]](#footnote-2) both made clear terminating assistance to UNRWA had nothing to do with Agency effectiveness. According to Kushner, “Look, the decision to cut off UNRWA funding was because the Palestinian leadership said terrible things about American leadership and our country right. And American aid is not an entitlement, so if you say bad things about President Trump and the country, we're not going to be giving foreign aid to the country. It's just a fundamental basic premise of how the world works okay.”

Further, an [international review](https://www.unrwa.org/newsroom/press-releases/unrwa-%E2%80%9Ccompetent-resilient-and-resolute%E2%80%9D-says-independent-expert-report)[[3]](#footnote-3) of UNRWA operations released in 2019, funded in part by the United States, concluded the Agency “is an organization that is competent, resilient and resolute. Its way of working and the results it is achieving in a resource-constrained environment reflect a well-managed organization that delivers.”

**Will a US resumption in support for UNRWA address the impacts of prolonged funding shortfalls?**

No. While the return of the United States to its historic support for UNRWA would be welcome, years of underfunding has impacted the Agency in ways from which it cannot immediately recover:

*Education* – While the Agency has been [praised for its work](https://www.worldbank.org/en/news/press-release/2014/11/12/palestinian-refugee-students-un-schools-above-average-results-international-assessments) educating over 530,000 girls and boys during a global pandemic, the changes in the operation of the UNRWA school system required by continuous financial shortfalls include:

* Increasing class sizes to as many as 50 students per classroom; continued double shifts
* Laying off the teachers in some UNRWA fields;
* Relying more on daily paid teachers who receive less regular training; and
* Lack of resources to invest in educational infrastructure.

*Health* – UNRWA annually provides about 8.7 million primary healthcare consultations. Agency innovations, utilizing a cutting-edge e-healthcare network and family health team approach, has allowed it to weather some of the financial storm but it is now fully feeling the impacts of the budget shortfall:

* Physicians now see approximately 80 patients a day. See this PBS NewsHour [report](https://www.pbs.org/newshour/show/palestinian-refugees-celebrate-biden-harris-win-hope-for-relief)[[4]](#footnote-4) that includes how only two UNRWA physicians are available in an area of 23,000 refugees;
* The ability to maintain safety margins for medicine stocks are at increased risk; and
* Certain medicines are no longer available.

*Social Services* –The ongoing funding crisis has also impacted these budgets, slashing in 2020 the amount of available funding in Lebanon and Syria by 20 percent and almost 15 percent respectively. These are people confronted with persistent humanitarian and protection needs and budget shortfalls result in:

* Less cash assistance for essential needs like food and housing;
* Dramatic reductions in mental health and psychosocial support activities; and
* Limiting Agency ability to provide employment support services to vulnerable women and youth.

*Neutrality/Protection –* Neutrality and protection services are at the heart of the UNRWA mission. Neutrality provides UNRWA with the ‘humanitarian space’ it needs to operate, particularly in times of crisis. Budget shortfalls mean:

* Reductions in the number of protection programs and available staff to conduct installation inspections; and
  + The US cut resulted in the Agency losing approximately 50 percent of its total protection and neutrality staff capacity.
* UNRWA needs additional capacity across every department and field office to ensure it can maintain the highest standards of neutrality, to provide monitoring and oversight to ensure adherence to the neutrality framework including its school curriculum.

*Infrastructure* – UNRWA is an operational agency. Its almost 30,000 employees operate out of over 1,000 facilities including a fleet of vehicles for a range of purposes from transporting food and medicine to over a million Gazans to providing health care in isolated or conflict-ridden areas. Budget challenges have gutted UNRWs infrastructure life cycles:

* Buildings are falling into disrepair;
* Computers and software are outdated; and
* UNRWA vehicles are operating long past service replacement dates.

UNRWA is now at a pivot point. While some express concern over the duration of the UNRWA mandate, no one has yet offered a credible alternative absent a lasting solution to the overarching political issues that led to its creation. However, the Agency can no longer meet the growing need for its services with declining levels of donor support. Absent a commitment to provide the Agency with a predictable and secure funding stream, additional programmatic cuts will need to be made.

1. *“If you don't do it now, it'll never happen: Trump on Israeli-Palestinian peace deal,”* AIN, 30 June 2019 [↑](#footnote-ref-1)
2. *“Trump’s plan last chance for a Palestinian state, says Kushner,”* Al Jazeera, 29 January 2020 [↑](#footnote-ref-2)
3. Multilateral Organisation Performance Assessment Network report, June 2019 [↑](#footnote-ref-3)
4. PBS NewsHour, 20 December 2020 [↑](#footnote-ref-4)