

Danish Organisation Strategy for UNRWA 2023-2028

Introduction: UNRWA has a unique mandate by the UN General Assembly to protect and provide direct services for a young and growing population of currently 5.7m refugees, pending a solution to the protracted political conflict in Israel-Palestine.

Key results

- Stabilising effect in the region by providing health, education and social services to vulnerable refugees including women and girls in their region of origin.
- Migration incentives reduced by ensuring refugees protection under International Humanitarian Law.
- Reform and innovation of UNRWA's delivery model aligning expenditure to income.

Justification for support: As a humanitarian actor, UNRWA is not positioned to prevent or solve conflict. However, in the protracted absence of a political solution, UNRWA is solely responsible for the well-being and protection of Palestine refugees in the region and plays a stabilising role, mitigating risks of irregular migration and radicalisation, not least of young people.

How we ensure results: Progress against priorities is monitored using a set of payment-linked performance indicators aligned to UNRWA's reporting framework.

Major risks and challenges: Worsening security and politics risk impeding protection and service delivery. Increasing global refugee numbers, demographic trends and donor fatigue exacerbate the needs/funding gap and require innovation of UNRWA delivery models.

Strategic objectives

Contribute to poverty alleviation and regional stabilization objectives of 'The World We Share' (2021) and achievement of Agenda 2030 commitment to 'leave no one behind'. Support contributes to Sustainable Development Goal 1, 3, 4, 5, 8, 10 and 16 by delivering services and protection to 5.7 million refugees with complex challenges of forced displacement.

Priority areas

Danish engagement with UNRWA comprises core support for UNRWA's Strategic Plan 2023-2028 and three priority areas:

1. Protecting refugee rights by prioritising services to vulnerable beneficiaries
2. Mitigating migration risk by contributing to stability in a fragile region
3. Reforming UNRWA to deliver on its mandate within available resources

Core information:

Established	1949
Headquarters	Amman and Jerusalem
Commissioner-General	Philippe Lazzarini (April 2020)
Country presence	Five field offices (West Bank/J'lem, Gaza, Syria, Lebanon, Jordan)
Mode of implementation	Direct service delivery (education, health, relief)
Annual budget turnover	USD 1.2 billion (average between 2012-2021)
Human resources	Total of 28,460 local and 204 international staff (2021)

File No.	2021 – 39842						
Responsible	Danish Representative Office in Ramallah						
Partner	United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)						
<i>DKK million/year</i>	2023	'24	'25	'26	'27	'28	Total
Commitment	105	105	105	105	105	105	630
Projected disb.	105	105	105	105	105	105	630
Duration	January 2023 – December 2028 (six years)						
Previous	2019 grant of DKK 70m raised to 105m in 2020						
Finance Act	§ 06.39.01.11						
Head of unit	Ketil Karlsen						
Desk officer	Khaled Mansour						
Financial	Anders Stuhr Svensson/Mads Ettrup						

Relevant SDGs (marked in grey)

Danish involvement in UNRWA governance structure:

- Denmark participates on the Advisory and Sub-Committees
- The Danish Representative Office in Ramallah (DRO) is responsible for day-to-day dialogue and progress monitoring.
- Dialogue through high-level meetings and donor coordination.

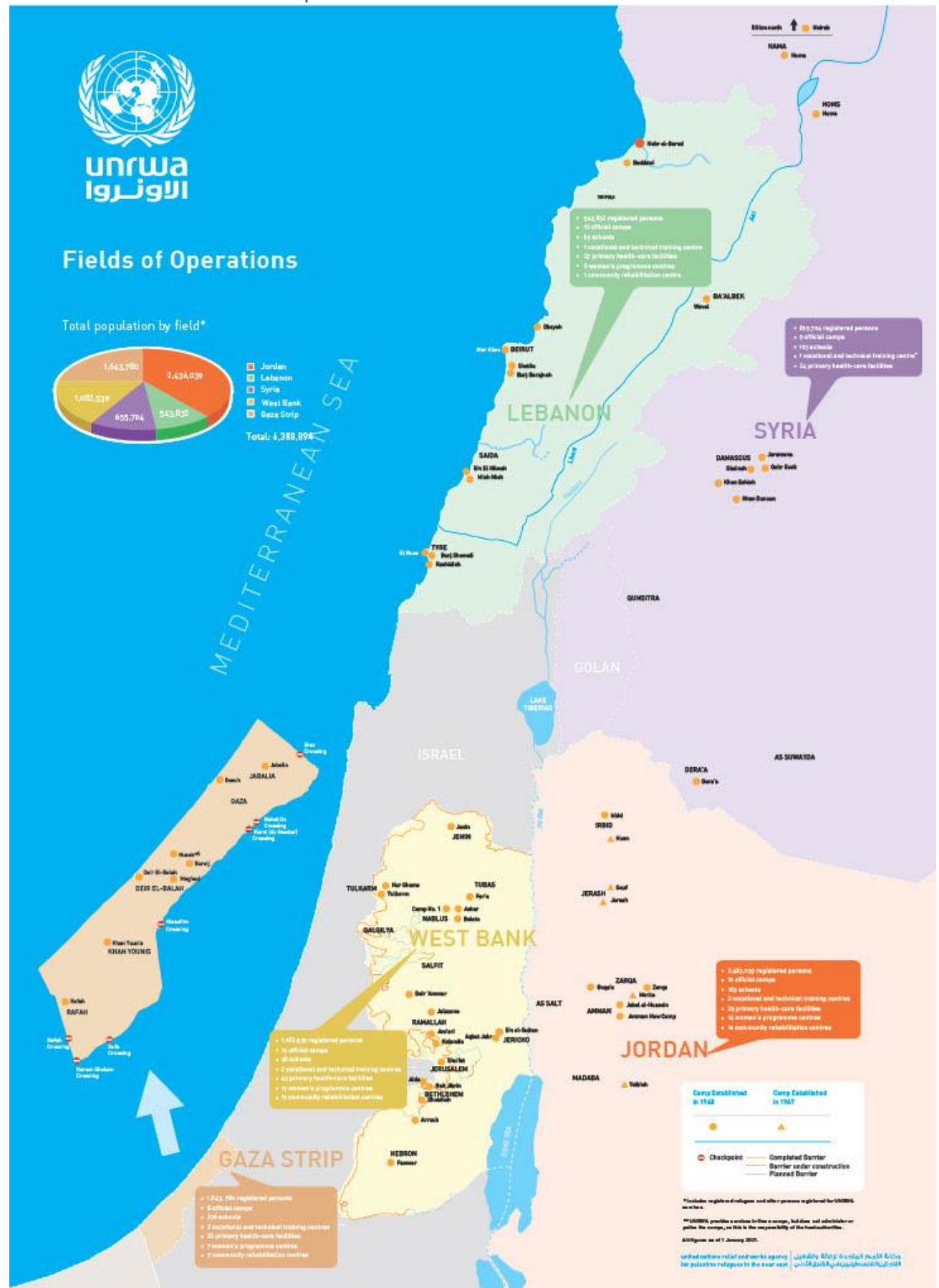
**Danish Organisation Strategy for
United Nations Relief and Works Agency for Palestine
Refugees in the Near East (UNRWA)
2023 – 2028**

Draft, 4 March 2022

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Overview: UNRWA fields of operation



1 Objective

This strategy for cooperation between Denmark and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) outlines the overall rationale and priorities for Denmark's contribution to and partnership with UNRWA at global, regional and national level. It identifies three Danish priorities for the partnership and is aligned with priorities and timeframe of the 'Outline UNRWA Strategic Plan 2023-2028', summarising its humanitarian, development and peace efforts in the challenging political and socio-economic context of Palestine as 'daily implementation of the triple nexus'¹.

The overall objective of Denmark's support is to promote and protect the rights and well-being of currently 5.7 million registered refugees displaced by the Israel-Palestine conflict. Palestine refugees constitute 21% of the world's 26.6 million refugees (UNHCR 2021). Support enables UNRWA to play a stabilising role in a volatile region and mitigate risks of migration and radicalisation, not least of young people. Danish support contributes to:

- I. Providing health, education and relief services with special efforts to reach the poorest and most vulnerable segments of the diverse refugee populations.
- II. Protecting registered refugees in Gaza, West Bank including East Jerusalem, Lebanon, Jordan and Syria with emphasis on the rights of girls and women.
- III. Delivering on reform commitments and innovation of the delivery model to align its expenditure to projected income.

In a challenging political context, support for UNRWA underpins ambitions of the Danish government for a fair and humane asylum system within international law. It focuses on protection and self-reliance for refugees in conflict regions by reducing incentives for migration. Support for UNRWA delivers on commitments of the Danish development strategy 'The World We Share' (2021) to provide humanitarian assistance for some of the most vulnerable groups of refugees and internally displaced people in their region of origin.

Denmark will – along with like-minded countries - call on UNRWA to renew its model of delivery and ensure financial sustainability of the Agency by aligning expenditure to income and focusing on basic core services and better targeting of services to the most vulnerable. This includes youth, the Palestinian population being a young one that increasingly feels a sense of despair and hopelessness due to their precarious living conditions deprived of basic human rights. It also includes women and girls that are subject to rising levels of gender-based violence in a context of declining order and security and return to patriarchal ways of domination. Such reforms are critical for UNRWA to be in a position to continue to contribute to Sustainable Development Goals 1, 3, 4, 5, 8 and 16.

2 Organisation

Denmark is a long-standing supporter of UNRWA, a UN agency established by the General Assembly as early as 1949. UNRWA's mandate is to assist and protect registered Palestine refugees in five specified areas of operation, pending a just and lasting solution to their plight. In the protracted absence of a solution to this plight, the General Assembly has repeatedly renewed UNRWA's mandate, most recently to the end of 2022.

¹ Outline of UNRWA Strategic Plan 2023-2028 (draft 21 October 2021), p. 13

2.1 Unique role in a volatile region

The mandate and focus on registered Palestine refugees in five geographies give UNRWA a distinct role in the UN system. While UN agencies often have a global and open-ended mandate of setting and implementing standards in a certain field, UNRWA is tasked with responsibilities in a range of technical fields in its mandated geographies of operation. For a UN agency, this is an unusual long-term role of direct service delivery.

By way of example, in locations such as the West Bank and Lebanon, UN agencies like WHO and UNESCO engage with local government on health and education standards for the population at large while UNRWA is a direct provider of health and education services for those individuals who have status as registered Palestine refugees.

This role of UNRWA is a product of historical circumstances that renders effective coordination of efforts by the various UN agencies imperative and offers UNRWA the potential to play a stabilising role in a volatile region near Europe.

UNRWA operates in a challenging political and socio-economic context with significant variation between the five areas. In all areas, Palestine refugees are assisted with service delivery and protection of rights.

However, host country conditions range from Gaza under blockade to Jordan where Palestine refugees are outnumbered by refugees from Syria.

Geopolitical context

Living conditions in the five mandated geographies where Palestine refugees reside vary significantly. Two-thirds of registered refugees reside outside camps and have rights to UNRWA services though not all make use of these.

Gaza – key UNRWA role as up to 80 per cent of the population are registered refugees. Recurring cycles of hostilities led to tension and radicalization while restricted mobility mitigates migration risk.

West Bank, incl. East Jerusalem – refugees constitute a smaller share than in Gaza but face challenges of unemployment and insecurity in the context of occupation and challenges in relation to the Palestinian Authority.

Lebanon – tensions from domestic socio-economic and political crises and renewed influx of regional refugees with limited rights and prospects for integration create risk of radicalization and migration.

Syria – long-standing challenges from civil war include damages to UNRWA facilities in Syria and migration of Palestine refugees to other host countries in the region with ensuing risk of migration.

Jordan – host to the largest share of regional refugees including Palestinians from Syria who continue to rely heavily on UNRWA. Limited prospects for local integration create risk of migration.

Overall, one-third of registered Palestine refugees still reside in camps. Jordan is host to the largest number of Palestine refugees (2.4m), followed by Gaza (1.6m) and West Bank/ East Jerusalem (1.1m). UNRWA operates over 700 schools for 540,000 pupils and 140 health centres. Minor service streams include microfinance, social relief and infrastructure.

As of 2021, UNRWA has 204 international and 28,460 local employees, mostly frontline staff such as teachers, nurses and social workers. The share of local staff is high compared to other UN agencies. Most of them are Palestine refugees themselves and hence are both UNRWA employees and beneficiaries. This can pose particular challenges when considering modernisation measures with implications for staff.

2.2 Governance

Due to its temporal mandate, UNRWA does not have a board and is governed instead by the United Nations General Assembly, which has renewed the tri-annual mandate repeatedly since 1949. An Advisory Commission (AdCom) was created along with UNRWA in 1949 to counsel and assist the Commissioner General. AdCom is made up of 29 members and four observers and meets twice a year (June and November).

Mechanisms for strategic dialogue include:

Denmark participates actively on the Advisory Committee (principals) and Sub-Committee (desk officers).

The Danish Representative Office in Ramallah (DRO) is responsible for day-to-day dialogue and monitoring.

Dialogue is also facilitated through high-level meetings and secondment of Danish junior and senior advisers.

Partners meet regularly in UNRWA's Sub-Committee (SubCom) to give technical advice, exchange ideas and provide recommendations for AdCom. SubCom examines programming as well as accountability,

planning, evaluation, reporting and budgets, but - like AdCom - only has an advisory role.

2.3 Budget and financial situation

For historical reasons, UNRWA's funding model is based almost entirely on voluntary contributions making funding streams vulnerable and unpredictable with the UN Secretariat funding only international staff from its regular budget. Political controversy, global pressure on humanitarian funding and growing numbers of beneficiaries, add to create a severe gap between needs and funding. Attempts have been made by UNRWA to diversify income sources and mobilise private sector funding, Islamic philanthropy and Zakat but with limited results. UNRWA has operated without financial reserves since 2012.

Shortage of funding became acute in 2018 when the United States halted its significant share of funding. Yet not even funding to the scope of USD 338.4m in 2021, restoring the United States as the largest donor, brought an end to the chronic funding crisis as it was offset by a disengagement of key Gulf donors seen by some in connection with the normalisation process vis-à-vis Israel. Denmark has increased support recently and contributed USD 21.1m in 2021, making Denmark the 12th largest bilateral donor.

In November 2021, Commissioner-General Lazzarini went as far as to warn of an existential crisis for UNRWA with uncertainty of salary payments and service-delivery, short-term loans, payment of teachers on a day-to-day basis and carry-over of liabilities from one year to the other.

Donors have requested UNRWA to align expenditure to available resources. However, growing numbers of beneficiaries, not least in Gaza, combined with an unchanged mandate of service delivery and reluctance by donors to increase funding has given rise to terminology such as 'the brink of collapse'.

Bilateral donors (USD, million)		
	2020	2021
United States	0	338.4
Germany	210.4	176.9
European Union	157.1	117.7
Sweden	60.4	54.2
Japan	33.1	50.5
United Kingdom	64.1	40.1
Switzerland	29.5	31.6
Norway	27.9	29.9
France	22.9	27.9
Canada	24.1	27.6
Netherlands	22.1	27.0
Denmark	15.7	21.1

By far the largest budget expenditure is education. According to UNRWA's annual report for 2020, 61 per cent of the programming budget of USD 806m is spent on education, 15 per cent on health, 6 per cent to relief and 4 per cent on infrastructure. By contrast,

UNRWA health statistics show a decrease in the number of primary health care consultations. This is reported to be driven by UNRWA promotion of a family health care approach to reduce the number visits and, more recently, the impact of Covid-19. Services provided include primary health care as well as hospital services. As in the case of education, is currently under discussion whether provision of hospitals services can be continued unchanged in the present budget circumstances or whether new and leaner models are required to ensure financial sustainability of the services.

3 Lessons learned, strategic challenges and opportunities

The conflict between Israel and Palestine is geopolitical. It has immediate implications for refugee host countries in the region and carries potential risks of irregular migration and political radicalization. It is a protracted and deepening conflict focused on territory and in need of a political solution. The past decades have seen a *de facto* absence of a peace process in terms of a trajectory with talks between the parties based on political initiatives. Thus, a belief in a breakthrough to herald a two-state solution has waned and at the same time, the humanitarian imperative to protect and assist refugees remains.

As a humanitarian organisation responding to the effects of the protracted conflict UNRWA is not positioned to prevent or solve conflict but plays an important stabilizing role mitigating risks of migration and political radicalization by bringing hope to the disenfranchised and deprived and stability in a region with declining order.

3.1 Evidence of results

An external evaluation commissioned by UNRWA's Evaluation Division in 2021 responds to one of the key findings of the 2017-2018 assessment of UNRWA from the Multilateral Organisation Performance Assessment Network (MOPAN)². The assessment report was published in 2019 and identifies a number of strengths of the Agency.

These include that UNRWA is highly knowledgeable about the context in which it operates and the people it serves given its long-standing engagement in the region and the commitment of its workforce. UNRWA is also praised for a well-considered and robust results-based monitoring system, high technical capacity in education and health and a rigorous approach to risk management with an increasingly strategic approach to how and with whom it engages. Despite sobering framework conditions of protracted conflict and chronic funding crisis, tangible results have been - and can be - achieved.

This picture of relative success in providing basic education, health and relief services for registered refugees was confirmed in 2021 by the evaluation of UNRWA's Medium-Term Strategy (2016-2022). An international team of experts was commissioned to conduct the evaluation with the threefold purpose of providing accountability, generate evidence-based insights and inform the successor strategy under finalisation in 2022³.

The evaluation found that UNRWA's organisational effectiveness had been affected negatively by the protracted funding crisis and ensuing priority to basic service provision. Around 90 per cent of UNRWA expenditure is on provision of education, health and relief services while expenditure for protection and human rights had dropped by 74 per cent.

² MOPAN 2017-2018 Assessments: United Nations Relief and Works Agency for Palestine Refugees in the Near East – OECD 2019.

³ Evaluation of UNRWA Medium-Term Strategy 2016-2022 – ITAD UNRWA 2021

The organisation is recognised by the evaluation for having built up comparative advantage in providing services during the past 75 years, including quality basic education at relatively low cost and with remarkable human rights-based features such as the unique school parliaments giving UNRWA pupils a democratic voice⁴.

Cost-effectiveness of UNRWA schools

UNHCR and the World Bank published a report on the 'Global Cost of Inclusive Refugee Education' including a case study of performance and cost-effectiveness of UNRWA schools. Despite severe funding shortages and political instability, coupled with refugee students that have suffered trauma, UNRWA schools were found to outperform host country public schools. UNRWA school children in Gaza, Jordan and the West Bank scored an average of a quarter of a standard deviation higher in international assessments than public school children, implying an advantage of almost a year of learning. These outcomes were achieved at relatively lower unit costs. For instance, the cost per student in UNRWA schools in 2009 was 20 percent lower than that in public schools in Jordan. In 2019, the annual cost per UNRWA elementary student was USD 841.50.

UNHCR/World Bank 2021

UNRWA's funding model supporting operations is found to be inadequate. Over 90 per cent of resources are provided voluntarily based on factors largely outside the control of the Agency, as evidenced by the 23 per cent fall in income between 2016 and 2020.

When trying to make decisions about its services, UNRWA is found by the evaluation to be caught between opposing and sometimes entrenched positions of its different stakeholders. For Palestine refugees, UNRWA services

have strong symbolic meaning. Host governments are also found to resist change because they lack financial resources and are also reluctant to take over responsibility for UNRWA activities due to political considerations. Adding to this, UNRWA unionised staff fear loss of jobs on which they and their families rely.

3.2 Assessment of challenges and opportunities

Challenges for Palestine refugees remain significant and require direct service delivery as well as rights protection, not least for vulnerable groups such as girls, young women and people living with disabilities subject to various forms of discrimination and violence.

In the short to medium-term, UNRWA is facing a situation with increasing costs as the refugee population it is mandated to serve is growing. The growing demand for UNRWA services has not been matched by an increase in budgets. In fact, funding is declining as the attention of the international community is shifting to other priorities and the overall number of global refugees is rising. A chronic funding crisis has created a gap between needs and resources that has moved steadily higher up on the agenda of the Agency and its dialogue with partners during the past years as pathways to remove this pressure have been explored but action has been impeded by a number of barriers to reform.

UNRWA will need to undertake adjustments to scope and scale of its services. Such adjustment will not be easy to carry out as they will have to balance opposing demands from the Palestinian refugees, host countries and donors. While a number of external assessments have found that UNRWA is already a relatively lean organisation, the Agency will have to look at its scope of services. Issues like a sprawling organisational structure across five areas of operation also need to be looked at.

⁴ Participants in the Palestine Youth Advisory Panel convening on 18 Feb 2022 to reflect on UNRWA youth inclusion called for more interactive learning, life skills and involvement of youth organisations.

In response to these challenges, UNRWA itself will need to come up with reform proposals for discussion with development partners and stakeholders. These would include prospects for continued funding of *inter alia* technical and vocational training and tertiary education at university level. In terms of health, UNRWA will also have to take a hard look at future funding models and services offered at tertiary level of hospitals and specialised health clinics.

The scale of UNRWA operations may also be subject to consideration. Education is currently provided up to grade 9 on the West Bank and in Gaza, to grade 10 in Jordan, to grade 12 in Lebanon and to grade 9 in Syria. Perhaps a pragmatic solution could be reached that reduces the scale of this provision of education.

Denmark will – together with like-minded countries – call on UNRWA to take pro-active steps and use its insights, expertise and analytical capacity to prepare realistic proposals for discussion with development partners on how best to adjust and modernise services while taking into consideration the possibility to transfer tasks and responsibilities to other stakeholders, including civil society, private sector and local authorities.

Part of the response to the funding gap has consisted in a reduction of staff numbers. UNRWA's main asset is its staff that the Agency relies on for service delivery to refugees that

Growing demand for UNRWA services:

- As of end-2020, 5.7m women, men and children were registered as Palestine refugees with UNRWA.
- This number is expected to increase to 6.7m by 2023 and could exceed 7.3m by 2028, driven by continued high but decelerating population growth in Gaza and slower rates of increase in other fields of operation.
- Service usage fluctuates as a function of demographic change and prevailing socio-economic conditions.
- By 2020, 540,000 pupils were enrolled in 710 schools across the five fields of operation, 8,000 studied in vocational training centres and 2,000 at university-level, 1.7m used UNRWA health services and 390,000 abject poor received cash or food aid.

would normally be taken care of by government employees. Staff also constitute its most significant cost with 80 per cent of current expenditure. The workforce has been reduced from 31,185 in 2016 to 28,460 in 2021.

Further reductions may be needed to solve the chronic funding crisis and match funding and expenditures. In its Strategic Plan for 2023-2028, UNRWA commits itself to 'further efforts to limit the growth in the workforce, as it has done in recent years through reforms in education and health'⁵.

The plan highlights three reasons behind its impetus for modernisation and reform:

Firstly, modernisation can be designed to improve services and broaden opportunities, i.e. through digitalisation of services in education and health as one dimension of modernisation.

Secondly, quality and accessibility of services can be increased in times of crises such as Covid-19 and, again, digital technologies can improve services for people with disability or people living in remote or conflict-affected areas.

⁵ Outline of UNRWA Strategic Plan 2023-2028 (draft 21 October 2021), p. 14-15.

Thirdly, modernisation can increase UNRWA's organisational efficiency and hence help reduce budgetary pressure over time. Digital solutions can also enable continuous improvement in accountability and transparency practices towards beneficiaries and the international community.

4 Priority areas and results to be achieved

This section of the organisation strategy identifies three priority areas aligned with UNRWA's mandate that Denmark will pursue and monitor in dialogue with the Agency. At the same time, the strategy reflects the overall priority of Denmark to stay long-term engaged with UNRWA and its other development partners to explore solutions to the challenges it currently faces in matching mandate and expenditure to available resources and operating conditions on the ground. Along with like-minded partners, Denmark will call upon UNRWA to renew its model of delivery and ensure financial sustainability of the Agency by aligning expenditure to income and focusing on basic core services and better targeting of services to the most vulnerable.

The six-year funding horizon of this strategy (2023-2028) also responds to a particular challenge of UNRWA relating to the predictability of funding. The high dependency of the Agency on voluntary contributions combined with political controversy have involved considerable fluctuations over time. The fluctuations associated with short funding horizons have proven burdensome in terms of planning and financial management.

The regular contribution of Denmark of DKK 105m per year is provided as core support for the implementation of UNRWA's Strategic Plan for 2023-2028. Core funding is intended to reduce transaction costs and enable UNRWA to deliver on its core mandate in a coherent manner⁶.

UNRWA's Strategic Plan refers to programmes and operations as 'daily implementation of the triple nexus' and thus links up with an important ambition of Danish development policy, specifically to ensure better coherence between development, humanitarian and peacebuilding efforts. UNRWA prioritisation of support to primary education can be seen in the nexus context as an emergency measure as well as an essential element underpinning any longer-term development programming regardless of which state solution eventually may materialise in response to the plight of refugees.

Key results under this organisation strategy include:

- UNRWA mitigates the risk of migration by providing health, education and social services focusing on gender equality and the most vulnerable refugees.
- International Humanitarian Law protection of Palestine refugees in dialogue with host countries.
- Delivery on commitments to reform by improving UN partnerships and a future UNRWA model of delivery aligning expenditure to projected income.

Policy objectives to 'help more people better where it is hardest' and link the nexus of development, humanitarian action and peace are addressed in the context of Palestine by coordinating the various programming instruments.

⁶ Ministry of Foreign Affairs of Denmark: 'Guidelines for Management of Danish Core (including soft-earmarked) Support to Multilateral and International Organisations' – December 2020, p.6

Due to its humanitarian mandate and the context in the region, peacebuilding is a challenging area for UNRWA to engage in, but the clear message coming out of the triple nexus ambitions is for development partners to reflect on coherence and synergies between political dialogue with host countries in the region and the diversity of programming instruments. In the case of Denmark, support instruments to include in this agenda on improved coherence include:

- ***Danish Bilateral Development Programme for Palestine*** – synergies include links between support (2021-2025) for sustainable municipal development and UNRWA management of waste and sanitation services for registered refugees.
- ***Danish-Arab Partnership Programme*** – from 2022-2027, *Danish Refugee Council* is part of a *Youth Inclusion and Employment* consortium planning activities targeted at youth in Jordan's large cities in the north meriting coordination of efforts.
- ***Regional Stabilisation Programmes*** – total scope of Danish support for victims of conflict and displacement in the Syria and Iraq neighbourhood area amounted to DKK 700m in 2021, involving country and target group overlap with UNRWA.
- ***Danish Civil Society Organisations*** – strategic partners of the Danish MFA and other NGO partners also engage in humanitarian relief and development activities in the region with the same group of beneficiaries in some instances.

Danish support recognises the role of UNRWA in protecting the human rights of Palestine refugees under International Humanitarian Law as well as stabilising the region to mitigate the risk of irregular migration and radicalisation. UNRWA's Strategic Plan outlines an approach to serving the needs of Palestine refugees driven by the following principles:

1. Humanitarian principles of humanity, neutrality, impartiality and independence
2. Advocacy for human rights of Palestine refugees amongst relevant duty bearers
3. Provision of universal access to quality basic education and primary health care
4. Access to other services such as relief, hospitalisation, vocational training and shelter
5. Promotion of additional services not provided by UNRWA through partnerships
6. Engagement with refugee communities to ensure participation in decision-making
7. Embedding of gender equality across programmes and operations
8. Mainstreaming of environmental sustainability into all operations
9. Mainstreaming of persons with disabilities across programmes and operations

Following a high-level conference in November 2021, UNRWA appeals for political engagement and openness to look for innovative solutions to the recurrent crises of underfunding. This appeal represents an opportunity for Denmark and like-minded partners to engage in sobering and level-headed dialogue on prospects for the future. Denmark will – together with like-minded donors – call for UNRWA to engage pro-actively and prepare specific and operational proposals to address the situation.

4.1 Protecting refugee rights by prioritising services to vulnerable beneficiaries

In line with the “World We Share” Denmark will continue to promote rights of Palestinian refugees to enjoy a life in dignity. As Palestinian refugees are not covered by the UN Refugee Convention of 1951 UNRWA has a particular role in supporting their rights. UNRWA promotes this role by documenting contraventions of international humanitarian law and advocating for rule of law in relevant national and international fora including the United Nations General Assembly.

The business of UNRWA in terms of delivering education, health and relief services is a priority making it possible to achieve critical SDGs for needy girls, boys, women and men who would not otherwise be able to access these services. Denmark will work with UNRWA to ensure that prioritisation of resources is conducive to gender equality and access to services for the most vulnerable segments such as people with disabilities.

Specifically, where co-payment mechanisms such as private health insurance schemes and modest school fees are required to ensure UNRWA expenditures are aligned to available resources, Denmark will support efforts to innovate service delivery if they can help make operations more durable. At the same time, Denmark will work to ensure that means-testing guarantees access to services for the poorest and most vulnerable refugees.

Particular emphasis is put on extending service delivery and rights protection to girls, women and youth. Denmark will follow up on recommendations from a session with the Palestine Youth Advisory Board in February 2022 calling for stronger youth involvement, more interactive teaching methodology, extra-curricular activities with youth organisations and particular attention to services for people with disabilities.

4.2 Preventing migration by contributing to stability in a fragile region

Refugee populations in the Near East are a diverse group. It comprises individuals who have held on to their Palestine refugee status without necessarily making use of UNRWA schools and clinics as well as more vulnerable segments of refugees without civil rights to education and formal employment. Disorder and conflict across the region of origin where UNRWA operates has compounded the precarious situation of Palestine refugees some of whom have been forced to move more than once.

A protracted funding crisis with UNRWA could trigger either migration or radicalisation or both. If delivering services at the present scope and scale were significantly reduced or discontinued it could potentially drive Palestinians to flee and follow routes of irregular migrants towards Europe, not least from host countries such as Lebanon and Syria.

Continued promotion of human rights and delivery of basic services are key to preventing such a scenario to unfold. Part of such agendas for dialogue with host countries include some of the thorny but essential issues relating to employment rights and prospects for refugees to become economically self-reliant.

4.3 Reforming UNRWA to deliver on its mandate within available resources

UNRWA commitment to modernise features prominently in its Outline Strategic Plan and is confirmed in invitations to donors to explore avenues for innovating its model of service delivery. The modernisation agenda covers a variety of issues, notably alignment of expenditure to available resources and improved efficiency, including through digital service-delivery in education and health⁷.

Denmark will work with like-minded development partners to support UNRWA in facilitating the changes to UNRWA model of service delivery, enabling an alignment between available resources and the standards expected, bearing in mind that some of these modernisation measures may require a short-term injection of resources.

⁷ <https://www.unrwa.org/who-we-are/modernizing-unrwa>,
<https://www.techforgood.net/features/techforgood/2021/march/social-goodmar21/the-uns-refugee-mission/>

UNRWA need to take pro-active steps and use its insights, expertise and analytical capacity to prepare realistic proposals for discussion with development partners on how best to adjust capacities and staffing of the Agency and modernise services while taking into consideration the possibility to transfer tasks and responsibilities to other stakeholders, including civil society, private sector and local authorities

5 Budget

This strategy for Denmark's engagement with UNRWA forms the basis of core support to the scope of DKK 105m annually and constitutes the central platform for Ministry of Foreign Affairs dialogue and partnership with the organisation. Legal basis for Danish support is §06.39.01.11 of the Danish Finance Act stipulating explicitly that Danish support to UNRWA is provided as core funding of a strategic partnership.

Table: Danish contribution to UNRWA

§06.39.01.11	2023	2024	2025	2026	2027	2028	2023-28
Core funding	105m	105m	105m	105m	105m	105m	630m
Total	105m	105m	105m	105m	105m	105m	630m

Danish support amounted to DKK 70m in 2019 and saw an increase by 50% in 2020 to DKK 105 million with indicative future allocations of DKK 105m, subject to annual parliamentary approval. The funding level has put UNRWA on equal footing when compared with the Danish Bilateral Development Programme with Palestine.

The regular contribution is performance-linked in such a way that 85 per cent is paid upfront at the beginning of the year while payment of the remaining 15 per cent depends on satisfactory achievement of set goals, as evidenced by reporting on an agreed sub-set selected from UNRWA's overall performance indicators.

In addition to the regular contributions to UNRWA under the partnership agreement, UNRWA can also receive extraordinary contributions during the financial year. By way of example, two tranches of extraordinary grants totalling DKK 25 million were provided in 2021 bringing total contributions to DKK 130m. Adding extraordinary grants to regular contributions, total support by Denmark during the decade from 2012 to 2021 amounted to DKK 1.2 billion.

Denmark has been one of the few countries to increase funding during the past few years when UNRWA's funding situation has experienced turbulence. This has moved Denmark up on the list of UNRWA contributors from number 19 in 2019 to number 12 in 2021 and added to the importance of Danish oversight and dialogue on results and reform.

6 Risks and assumptions

UNRWA operates in a conflictive reality of risks in different categories. Many of these are externally driven by sobering factors beyond the control of UNRWA and in several cases quite challenging for the Agency to mitigate.

Contextual risks include mounting financial pressure due to increasing global numbers of refugees and a displaced people competing for the same pot of humanitarian funding seen as unlikely to increase. In the specific case of UNRWA, this risk is exacerbated by a

waning belief in a negotiated solution to the plight of Palestine refugees. There is a sense that attention is shifting from the Israel/Palestine conflict, partly in response to the normalisation process whereby a number of countries in the region are establishing diplomatic ties with Israel rather than focusing on pressure for a solution to the plight of Palestine refugees. Shifting priorities due to a change in domestic politics amongst key donors is also a major issue.

Consequences of this defunding include deteriorating prospects for access to services for a needy segment of refugees but also an increased risk that disgruntlement could lead to new waves of irregular migration and radicalisation, especially driven by disappointed youth with limited employment opportunities.

Institutional risks are in many cases linked to the interest of stakeholders with an interest in maintaining the status quo. When trying to make decisions about its services, UNRWA is caught between opposing and sometimes entrenched positions of its different stakeholders. For Palestine refugees, UNRWA services have strong symbolic meaning. Making changes to services is often seen as relinquishing on the right to return.

Host governments are also found to resist change because they are reluctant to take over responsibility for UNRWA activities, seen as a potential burden to already strained national budgets. UNRWA unionised staff often respond to proposed changes based on the fear of loss of jobs on which they and their families rely. Understandable as all these reactions may seem, the sum of them are not necessarily conducive to modernisation and innovation of UNRWA's model of service delivery.

Finally, an institutional risk lies in misconduct and misappropriation of funds, as evidenced by the findings of the report of the UN Office of Internal Oversight Service that led to the resignation of the former Commissioner General in 2019. UNRWA has mitigated this risk by following up on the recommendations of the report.

Programmatic risks are evident in the implications of the current mismatch between UNRWA's income and the expenditure budget. The chronic funding crisis of recent years has led to challenges of long-term planning and in paying salaries of staff. Such crises involve a disproportionate time spent on managing ad hoc cash flow measures and difficulties in retaining qualified staff. This carries the risk of distracting UNRWA from its core business as well as from preparation of modernisation measures.

A particular programmatic challenge lies in upholding the humanitarian principle of neutrality in a context of recurrent conflict, not least in the operating areas of Gaza and the West Bank. UNRWA school management is charged with enforcing neutrality on school pupils caught in frequent clashes with security forces on the West Bank and keeping service providers on the narrow path of neutrality in the particular political and security context of Gaza where conflict cycles are recurring at regular intervals.