

A Missed Opportunity in America's Refunding of UNRWA

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Brief Analysis

Washington could have used the agency's financial straits as an opportunity to prevent misuse of funds, compel textbook revisions, and identify individuals on its rolls who actually meet the UNHCR definition of a refugee.

After President Biden's inauguration, the new administration announced and then carried through with major funding for the UN Relief and Works Agency for Palestine Refugees in the Near East—funding that had been completely and unceremoniously halted by the Trump administration for the stated reason that UNRWA had failed to effect certain reforms. The Biden administration, however, appears to have authorized the provision of hundreds of millions of dollars in renewed assistance without requiring any reforms, whether those specified by the Trump administration or others. Washington therefore may have missed an opportunity to use its funding renewal to encourage reform in an organization that has drawn much criticism.

Trump Funding Cutoff and Agency Budget Challenges

Between the start of UNRWA operations in 1950 and 2018, the United States was unfailingly the agency's single most generous country in providing funding, having contributed well over \$6 billion during those years. On January 16, 2018, however, the State Department spokesperson, in what amounted to a shot across UNRWA's bow, stated that Washington would partially withhold a planned \$125 million contribution, saying, "We would like to see some reforms being made. You'll want to know the specifics. I'm not going to get into the specifics of that today. But we're taking a look at the organization, we're monitoring it, and we'd like to see some reforms be made." Apparently, UNRWA did not enact the reforms the Trump administration had in mind, which at least in public remained unspecified, because on August 31, 2018, the State Department announced that it would "no longer commit further funding to this irredeemably flawed operation," arguing that the United States had been paying a disproportionate share of UNRWA's expenses and asserting that "the fundamental business model and fiscal practices that have marked UNRWA for years—tied to UNRWA's endlessly and exponentially expanding community of entitled beneficiaries—is simply unsustainable."

Not long after the United States halted its contributions, then UNRWA commissioner-general Pierre Krähenbühl reported that a number of other countries had increased their 2018 contributions to cover the deficit. Indeed, contributions to UNRWA's program budget in 2018 reached an apparent record high of \$823 million—counting the \$60 million the United States had given in January 2018—but thereafter declined to \$590 million in 2019 and to \$583 million in 2020. As compared to actual contributions, the planned program budget for 2018 was \$819 million, “some US\$750 million” for 2019, and \$806 million for 2020—meaning that budgeted expenditures versus contributions went from a \$4 million surplus in 2018 to a \$160 million deficit in 2019 and a \$223 million deficit in 2020. In short, by the end of 2020, UNRWA appeared to be having serious—and worsening—financial problems as a result of its refusal to meet the Trump administration's demands for reform.

Restored Funding Under Biden

On January 26, 2021, in one of the Biden administration's first Middle East pronouncements—and reflecting one of the president's campaign promises—then acting U.S. representative to the UN Richard Mills stated that “President Biden has been clear in his intent to restore U.S. assistance programs that support economic development and humanitarian aid for the Palestinian people.” With regard to UNRWA, Secretary of State Antony Blinken fleshed out Mills's statement on April 7, 2021, announcing that the United States would provide the agency some \$150 million for immediate distribution.

During a visit to Ramallah on May 25, after the eleven-day war between Hamas and Israel, Secretary Blinken promised, in addition to the earlier-noted \$150 million, “a little over \$32 million for UNRWA's emergency humanitarian appeal.” Subsequently, on July 14, the United States and UNRWA signed a 2021–2022 Framework for Cooperation, and three days later Washington transferred an additional \$135.8 million to the agency, bringing total U.S. donations to date for 2021 to approximately \$318 million.

Scant Benefits for Washington

The question thus arises of what benefits to the United States the Biden administration obtained in exchange for its \$318 million in renewed UNRWA contributions—excluding, of course, the real, if unquantifiable, goodwill from the United Nations, from other donors (whose need to contribute would be lessened by the U.S. contribution), from UNRWA itself (upon which financial pressure for reform was alleviated), from the Palestinian Authority and countries hosting UNRWA (all of which benefit by not having to provide the services that UNRWA provides), and from the pro-UNRWA community in general.

First, in a letter dated March 29, 2021, new UNRWA commissioner-general Philippe Lazzarini condemned “all manifestations of religious intolerance, incitement, harassment or violence against persons or communities based on ethnic origin or religious belief, including anti-Semitism [*sic*].” He also affirmed that UNRWA was “meeting the conditions on U.S. contributions pursuant to section 301(c) of the Foreign Assistance Act of 1961 (FAA) and is applying the UN humanitarian principles of neutrality, humanity, independence, and impartiality...” He likewise committed UNRWA to “upholding its neutrality in the conduct of its staff, its education materials, the review of host state curricula, and the management of its buildings, and in ensuring the proper use of its assets, [as well as] taking all possible measures to ensure funding provided by the United States to UNRWA does not provide assistance to, or otherwise support, terrorist [*sic*] or terrorist organizations.”

Second, the 2021–2022 U.S.-UNRWA Framework for Cooperation, signed July 14, reiterates the UNRWA promises set forth in Lazzarini's March 29 letter, and expands on them in a number of areas, including by:

- Committing to “communicate any serious neutrality violations with [*sic*] the United States in a timely manner and to address any such violations in line with the requirements of its Neutrality Framework”
- Committing to “take all possible measures to ensure funding provided by the United States to UNRWA does not

provide assistance to, or otherwise support, terrorists or terrorist organizations”

- Checking UNRWA staff, beneficiaries, and contractors against the Consolidated UN Security Council Sanctions List
- Committing to, “consistent with procedural safeguards, prompt initiation of investigations upon receipt of credible information about alleged staff/personnel misconduct and appropriate action when misconduct is found”
- Agreeing to improve UNRWA’s “capability to review local textbooks...and take measures to address any content contrary to UN principles in education materials”

Unfortunately, the benefits derived from the Biden administration’s renewal of contributions to UNRWA, as set forth in the 2021–2022 cooperation framework, are remarkably similar to those supposedly provided by the 2017 framework—as well as by similar such agreements reviewed by the author while serving as legal advisor/general counsel to UNRWA in 2002–2007. In return for renewing its generous funding, the United States could have, *inter alia*, demanded that UNRWA:

- Check its staff, beneficiaries, and contractors against the U.S. Office of Foreign Assets Control list—which at least would have reduced the likelihood of the agency using U.S. funds to support persons under sanctions
- Take immediate action with regard to the decades-long saga of improper content in UNRWA textbooks—e.g., by paying for separate print runs of local textbooks, modified to be suitable for use by UNRWA students
- Begin the process of identifying those persons on UNRWA’s rolls who actually meet the UN High Commissioner for Refugees (UNHCR) definition of a refugee
- Move from a status- to a needs-based provision of services to refugees

The 2021 framework agreement may carry minor benefits by highlighting a few embarrassing problems raised publicly by UNRWA critics (e.g., staff misconduct, textbook concerns), but the agreement mostly focuses on process-related items, such as reporting modalities, and on aspirational statements. More effective would have been to use UNRWA’s tenuous financial position to compel specific, tangible, and constructive actions such as those just outlined. These changes would help UNRWA better reflect U.S. interests, UN principles of behavior, and UNHCR definitions of refugeehood. The easing of financial pressure on UNRWA—through an effective gift of \$318 million—without securing such guarantees represented a squandered opportunity to strengthen the efficacy of U.S. foreign aid, including by focusing the agency’s assistance on its UNHCR-defined refugees who are truly in need. ❖

RECOMMENDED



BRIEF ANALYSIS

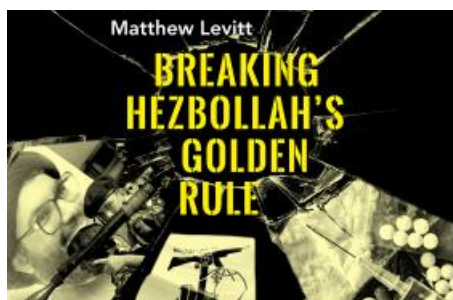
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