

18 March 2020

Minister of Foreign Affairs

For action by 25 March 2020

United Nations Refugee and Works Agency for Palestine Refugees (UNRWA) Funding

BRIEFING General Purpose

PURPOSE To update on the progress of the United Nations Office of Internal Oversight Services (OIOS) investigation into UNRWA and seek approval for the release of New Zealand's annual contribution to UNRWA's operations, scheduled for the 31 March 2020.

Contact details

NAME	ROLE	DIVISION	WORK PHONE	MOBILE PHONE
Deb Collins	Divisional Manager	Partnerships, Humanitarian and Multilateral	s9(2)(a)	
Stuart Horne	Divisional Manager	Middle East and Africa		

Minister's Office comments

Key points

- In July 2019, an investigation was launched by the United Nations Secretary-General (UNSG) into allegations of misconduct by senior leadership within United Nations Refugee and Works Agency for Palestine Refugees (UNRWA). The investigation was led by the Office of Internal Oversight Services (OIOS) and completed in November 2019.
 - At this time, New Zealand publically advised that the release of our next funding commitment, scheduled for 31 March 2020, would be informed by the findings of the report. We now seek your decision on release of funding.
 - Member states and UNRWA have not received the final reports, now expected to be released in May. The release has been delayed by legal privacy requirements. New Zealand has received multiple briefings on the key investigation findings. We assess that the content of these briefings is sufficient to inform our advice to release the scheduled funding commitment.
 - The investigation concluded there was no evidence of fraud or misuse of funds. It did identify misconduct amongst some senior officials. UNRWA's Commissioner-General resigned following the investigation. Another senior UNRWA official also resigned and three others are facing disciplinary action.
 - All other donors are continuing to fund UNRWA. The Netherlands and Switzerland, who suspended support during the investigation, reinstated funding after initial findings indicated no evidence of fraud or misuse of funds.
 - In February 2020 UNRWA released an action plan for internal accountability and management reforms to mitigate misconduct and improve transparency. This is currently under review by UNRWA's governance mechanism, the Advisory Commission.
 - New Zealand has due diligence processes in place, allowing us to be confident that the concerns raised in the investigation and by members of the public are addressed and that UNRWA continues to operate effectively. This includes coordination with prominent UNRWA donors and senior UN officials.
 - We are satisfied that UNRWA remains a credible, well performing and accountable partner delivering essential humanitarian services to Palestinian refugees in highly complex environments. Report findings of misconduct have been acted on quickly with the removal of the staff concerned, systems improvements are underway, and there are no indications of financial mismanagement or fraud.
- We therefore recommend that New Zealand releases our annual contribution of NZ\$1 million to UNRWA in accordance with our payment schedule. To delay the release of this funding could be interpreted as a political move that would be out of step with other donors and would not reflect New Zealand's ongoing support for UNRWA's mandate and operations.



Jonathan Kings
for Secretary of Foreign Affairs and Trade

Recommendations

It is recommended that you:

- 1 **Note** the positive progress made on the UN Secretary-General's request to investigate misconduct by UNRWA senior officials; Yes / No
- 2 **Note** the steps taken by New Zealand officials to confirm that UNRWA remains a credible, well performing and accountable partner delivering essential humanitarian services to Palestinian refugees in highly complex environments; Yes / No
- 3 **Note** that New Zealand officials, working with other donors, propose to continue to maintain heightened levels of monitoring and engagement to ensure the new management initiatives are implemented; Yes / No
- 4 **Approve** the release of the annual payment of NZ\$1 million scheduled for 31 March 2020 in accordance with the triennium funding agreement between New Zealand and UNRWA. Yes / No

Rt Hon Winston Peters
Minister of Foreign Affairs

United Nations Refugee and Works Agency for Palestine Refugees (UNRWA) Funding Report

1. Established in 1949, the UN Relief and Works Agency for Palestine Refugees (UNRWA) provides humanitarian and development assistance to 5.5 million registered Palestinian refugees based in Palestine (the West Bank, including East Jerusalem and Gaza), Syria, Lebanon and Jordan.
2. New Zealand's humanitarian assistance to Palestine complements our support for the Middle East Peace Process. In the absence of a political solution, UNRWA is the only organisation meeting the significant humanitarian needs of Palestinian refugees for essential education, health and infrastructure services.
3. New Zealand has made annual core funding contributions to UNRWA since 2006 and provided an additional NZ\$5.2 million since 2012 for emergency humanitarian operations in Palestine, Syria and Jordan.
4. In March 2019, New Zealand entered into a three year agreement with UNRWA for core funding of NZ\$1 million per annum. This agreement was informed by an independent Multilateral Organisation Performance Network (MOPAN) assessment which found UNRWA's performance to be satisfactory or highly satisfactory in all review areas. New Zealand's next annual contribution to UNRWA under this agreement is scheduled for the 31 March 2020.

UN Investigation into UNRWA's Senior Leadership

5. In late July 2019 New Zealand became aware that the UN's Office of Internal Oversight Services (OIOS) was undertaking an investigation into allegations of misconduct by UNRWA's leadership. The findings of this investigation, including poor conduct of leadership, were shared with the UN Secretary-General (UNSG) in early November 2019. The Commissioner-General submitted his formal resignation on 6 November 2019. The UNSG immediately appointed the acting Deputy Commissioner-General as Officer-in-Charge of UNRWA. Recruitment of a new Commissioner-General is being finalised. The OIOS anticipates the release of the five individual misconduct reports to UN member states in May 2020.
6. The OIOS investigation found no evidence of fraud or misappropriation of programme funds. However, some officials were found to have violated UNRWA's Code of Conduct. Two senior officials (including the previously mentioned Commissioner-General) have resigned and three others are facing disciplinary action.
7. Following the announcement of the OIOS's investigation, the Netherlands and Switzerland temporarily suspended funding to UNRWA. Both have since reinstated funding after initial investigation findings showed no evidence of fraud or misuse of funds.

United Nations Refugee and Works Agency for Palestine Refugees (UNRWA) Funding

8. In November 2019 UNRWA developed a management initiatives strategy, outlining systems strengthening priorities and released as an action plan in February 2020. The contents of the plan focus on strengthening accountability and management systems, and we and other donor countries considers it robust and this will be signed off by UNRWA's Advisory Commission. We will continue to monitor UNWRA's roll out the action plan.

New Zealand's Due Diligence and Monitoring of UNRWA

9. New Zealand's support to UNRWA is under public scrutiny. We are satisfied that our levels of engagement provide us with the insights and information to respond quickly to enquiries about the mandated activities of UNRWA.

10. Members of the public have alerted officials to allegations of online hate speech and support for terror groups by UNRWA staff. New Zealand has investigated all allegations with UNRWA, other donors, s6(a) and with Five Eyes members to ascertain the validity of these claims. We are satisfied that these issues are not systemic within UNRWA. In the case of individual incidents, UNRWA has addressed concerns swiftly in line with their neutrality policy. On claims of the misuse of UNRWA food aid, we confirm that there is no evidence of diversion of food aid, and claims relate to the selling-on of food by individuals which is outside of UNRWA's sphere of control. In response to media allegations that UNRWA-supplied textbooks promote anti-Semitism and terrorism, officials have confirmed that the Palestinian Authority, not UNRWA, is responsible for the final curriculum and production of textbooks.

11. New Zealand's close and ongoing engagement on UNRWA is targeted at a number of levels:

- Political mandate and leadership: Officials in New York have an established relationship with the Director of the UNRWA Representative Office and receive briefings from UNRWA senior officials and the Secretary General.
- UNRWA operations: Officials in Wellington and at the New Zealand Embassy in Cairo are regularly engaged with the UNRWA External Relations Manager who provides timely advice on UNRWA processes, operational context and application of UNRWA's neutrality policy. Officials visit UNRWA operational areas to monitor the situation on the ground and are engaged in regular exchanges with other UNRWA donors (including the UK, Australia and the Netherlands) on UNRWA's performance, challenges and innovations.

12. New Zealand will maintain this level of monitoring and engagement with UNRWA.