



**United States Department of State
and the Broadcasting Board of Governors**

Office of Inspector General

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TO: PRM – Eric Schwartz
Consulate General Jerusalem – Daniel Rubinstein

FROM: OIG – Harold W. Geisel, Deputy Inspector General 

SUBJECT: Limited-Scope Review of the Bureau of Population, Refugees and Migration's Oversight of the United Nations Relief Works Agency for Palestine Refugees in the Near East in Gaza, Report Number MERO-I-10-04

Background

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) operates one of the largest UN programs, serving more than 4.7 million Palestinian refugees. UNRWA was established under General Assembly Resolution 302(IV) on December 8, 1949, and currently provides education, health services, relief and social services, microfinance and emergency assistance, infrastructure and refugee camp improvements, and refugee protection. UNRWA's stated mission is to "help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live." The Agency fulfills this mission by managing, from its headquarters in Amman, Jordan, and the Gaza Strip (Gaza), more than 29,000 local and international staff members in field offices in the West Bank, Gaza, Jordan, Lebanon, and Syria.

UNRWA receives most of its funding through voluntary contributions by donor states. The largest donors are the United States, European Commission, the United Kingdom, and Sweden. A small portion of its financing comes from nongovernmental organizations and individuals. More than half of UNRWA's budget is spent on educational programs. Due to humanitarian crises caused by conflict and border closures, UNRWA has launched emergency appeals for food, employment, and cash assistance in Gaza, the West Bank, and Lebanon. The United States supports both the general fund and emergency appeals, as detailed in Table 1 below. While funding levels have marginally increased each year, the number of refugees requiring services has also steadily risen (by an average of over 100,000 per year).

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Table 1: U.S. Contributions to UNRWA and Number of Registered Refugees (in millions), 2001-2009

| Year | General Fund | Emergency Appeals/Other | Total U.S. Contribution | Registered Refugees |
|--------------|----------------|-------------------------|-------------------------|---------------------|
| 2001 | \$83.1 | \$39.9 | \$119.0 | 3.9 |
| 2002 | 87.8 | 31.4 | 118.0 | 4.0 |
| 2003 | 88.0 | 46.0 | 134.0 | 4.1 |
| 2004 | 87.4 | 40.0 | 127.4 | 4.2 |
| 2005 | 88.0 | 20.0 | 108.0 | 4.3 |
| 2006 | 84.1 | 52.9 | 137.0 | 4.4 |
| 2007 | 90.7 | 63.5 | 154.2 | 4.5 |
| 2008 | 99.9 | 84.8 | 184.7 | 4.6 |
| 2009 | 116.2 | 151.7 | 267.9 | 4.7* |
| Total | \$825.3 | \$524.9 | \$1,350.2 | |

Source: Bureau of Population, Refugees and Migration

*Number of registered refugees as of June 30, 2009

The Bureau of Population, Refugees and Migration (PRM) manages and oversees U.S. Government assistance to UNRWA, including UNRWA's conformance with U.S. conditions on funding. Section 301(c) of the 1961 Foreign Assistance Act, as amended,¹ states "no contributions by the United States shall be made to the United Nations Relief and Works Agency for Palestine Refugees in the Near East except on the condition that the United Nations Relief and Works Agency take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestinian Liberation Army or any other guerilla type organization or who has engaged in any act of terrorism."

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) performed this limited-scope review at the request of Congressmen Kirk and Rothman due to concerns about conformance with the conditions in Section 301(c) following UNRWA's employee union elections in Gaza. In these elections, the Hamas political party claimed that members of its organization had won all eleven seats in the UNRWA teachers union.² The objectives of this review were to determine whether: (1) Hamas control of the UNRWA teachers union in Gaza violates Section 301(c) of the 1961 Foreign Assistance Act, as amended; (2) the Bureau of Population, Refugees and Migration is effectively monitoring UNRWA's obligation under Section 301(c); and (3) UNRWA-operated schools are meeting the Department of State's goals for education in Gaza. The scope of this review was limited to the Congressional request regarding possible Section 301(c) violations surrounding UNRWA's employee union elections. OIG is planning a series of audits in 2010 for programs in the West Bank, Gaza, and surrounding region based on Section 1114 of the FY 2009 Supplemental Appropriations Act.

¹ Public Law 87-195, as amended

² The UNRWA employee union is divided into a teachers union, a medical workers union, and a service providers union.

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OIG conducted this review between August and October 2009. The OIG team reviewed documentation on UNRWA policies and actions taken following the employee union elections and interviewed UNRWA staff in Jerusalem and the West Bank. OIG interviewed PRM staff in Washington, DC, reviewed PRM documents, and met with the PRM refugee coordinator (RefCoord) in Jerusalem. OIG also interviewed the UNRWA Deputy Director of Operations in Gaza and officials from the executive, external relations, and legal offices, as well as a team of operations support officers. This memorandum report was prepared under the direction of Richard “Nick” Arntson, Assistant Inspector General for MERO. The following staff members conducted the review and/or contributed to the report: Patrick Dickriede, Kelly Herberger, Moizza Khan, and Mable Stanford.

Results of Limited-Scope Review

PRM and UNRWA provided reasonable assurance they are achieving U.S. Government objectives in complying with Section 301(c) of the Foreign Assistance Act, as amended. There is no evidence that UNRWA teachers elected to the union are involved in any Hamas political activity. PRM and UNRWA have extensive policies and procedures to monitor and evaluate compliance with both the UN neutrality policy and Section 301(c). Additionally, UNRWA schools are an important alternative to Hamas-run schools and include PRM-funded curricula and materials that promote tolerance. However, recent test scores at the primary levels show low performance in the core subjects of Arabic and mathematics.

OIG found that PRM and UNRWA proactively investigated and verified compliance with the provisions of Section 301(c) immediately following UNRWA’s employee union elections. In response to Hamas and Fatah claims to having won a majority of seats in the union, UNRWA management addressed any potential violations of the UN neutrality policy or Section 301(c) by issuing several strongly worded letters to those elected, followed by a five-month investigation conducted by UNRWA’s senior legal staff. According to the investigation summary submitted to PRM and statements from the UNRWA Gaza Deputy Mission Director, the investigation consisted of:

- Interviews with all 27 electees regarding their political involvement;
- Follow-up interviews with those in leadership positions regarding the formation of committee structures within the union;
- Required submission of written statements from each electee disavowing any political involvement;
- Review of “all possible” public sources such as media, Web sites, and blogs to detect political involvement; and
- Close observation of electees’ activities and speech in the months following the election.

Throughout the investigation, the onus was placed on electees to demonstrate freedom from political involvement. The investigators defined political involvement as any activity other than voting in elections and found no evidence of such activity by any of the electees. Consequently, the investigation was concluded without any disciplinary actions taken against those who were

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elected. The table below is a timeline of actions taken by PRM and UNRWA following the employee union elections in March 2009.

Table 2: Employee Union Elections Timeline

| DATE | ACTION |
|-------------|---|
| 3/25/2009 | UNRWA employee union elections are held; results are announced. |
| 3/26/2009 | Embassy Tel Aviv political officer alerts U.S. Agency for International Development West Bank and Gaza Mission Director and others of allegations of Hamas party involvement. |
| | Consulate General political section provides detailed election results to Washington, DC, Consulate General Jerusalem, Embassy Tel Aviv, and USAID West Bank and Gaza Mission addressees via daily email briefing. |
| | RefCoord contacts UNRWA Gaza Deputy Mission Director. In conversation, UNRWA clearly states if UNRWA employees who are union representatives take politically motivated positions in a public forum, they will be disciplined in accordance with UNRWA's codes of conduct. |
| | RefCoord provides information to PRM in Washington, DC on UNRWA Gaza employee union elections. |
| 3/29/2009 | UNRWA Gaza Mission Director sends memorandum to all staff reinforcing the importance of UN neutrality, stating that UNRWA will contact those elected, and warning that potential political activity will be investigated and if proved, will be grounds for dismissal. |
| 3/30/2009 | PRM in Washington, DC consults with Office of the Legal Advisor regarding the elections. |
| | UNRWA Officer in Charge sends letter to all 27 union electees reinforcing UNRWA neutrality regulations and offering staff members "an opportunity to respond within one week to these serious charges." |
| | RefCoord briefs deputy chief of mission in Jerusalem on the situation and provides PRM with a detailed analysis. |
| 3/31/2009 | PRM Acting Assistant Secretary meets with UNRWA Gaza Mission Director in Washington, DC to discuss employee union elections and claims by Hamas of electees' affiliation with the party. UNRWA assures PRM that swift and appropriate action will be taken and PRM will be kept informed. |
| 4/01/2009 | RefCoord sends Cable 09JERUSALEM597 detailing the issue of Hamas claiming victory in the UNRWA's employee union elections. |
| 4/02/2009 | PRM's Acting Assistant Secretary writes to UNRWA Commissioner General to inquire about staff investigations. |
| 4/05/2009 | UNRWA staff investigation commences. |
| 4/22/2009 | UNRWA employees union issues a statement to the local media publicly rejecting the claims of electoral victory by political parties. The union also affirms it is committed to UNRWA's employee regulations and neutrality. |
| 5/2009 | U.S. Government Accountability Office concludes its report on UNRWA's 301(c) conformance, initiated in October 2008. |
| 5/03/2009 | UNRWA disseminates a Gaza field office circular reminding all staff of their obligation not to engage in any outside activities, paid or not, without prior written approval from the UNWRA Commissioner General, and not to engage in political activities. |
| 7/24/2009 | PRM meets with UNRWA legal team to discuss benchmark reporting, operations support officer (OSO) reporting, and program oversight. |
| 8/2009 | UNRWA conducts second round of interviews of employee union electees. |
| 8/19/2009 | PRM Assistant Secretary meets with UNRWA Commissioner General to discuss funding and inquire about the investigations. |
| 8/28/2009 | UNRWA submits its 301(c) semi-annual report for January to June 2009. Five ongoing investigations of staff for alleged political involvement in Gaza are reported. As a result of two concluded investigations, one staff member is dismissed. Seven staff members are serving "lengthy custodial sentences" after conviction in Israeli military courts. UNRWA has no access to these individuals and is therefore unable to pursue disciplinary action against them. The report also describes armed incursions at UNRWA facilities by various political factions |

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| | and states that all current program participants and beneficiaries are cleared using the UN 1267 Sanctions Committee Consolidated List. |
| 9/07/2009 | Investigation concludes. UNRWA Gaza Mission Director informs all employee union representatives of investigation results, urging continued neutrality in words and actions. |
| 9/18/2009 | UNRWA staff sends PRM a summary of investigation, finding “no evidence of external political involvement in the union elections and no evidence of political activities by the 27 staff members elected to union office.” |

Source: OIG analysis of PRM documents

Bureau of Population, Refugees and Migration Oversight of UNRWA’s Conformance with U.S. Conditions on Funding

PRM employs various methods to monitor and report on UNRWA’s compliance with U.S. Government policies and conditions on U.S. funding. The *Framework for Cooperation between UNRWA and the United States Government*³ outlines agreed upon objectives, milestones, and targets for UNRWA’s organizational development and programs. This document also commits UNRWA to reporting semi-annually on issues related to Section 301(c). Each year in March, UNRWA informs PRM about these performance indicators and targets in a report that covers prior calendar year efforts. The latest 301(c) semi-annual report, for the period of January through June 2009, was submitted on August 28, 2009.

PRM’s RefCoord monitors and evaluates the impact of PRM assistance in the region; presents U.S. Government positions in multilateral meetings with implementing partners and other donors; reports on changing security conditions and political developments; notes new practices adopted by UN agencies that affect U.S. Government humanitarian aid programs; and supports high level visits to Jerusalem to advance the peace process, including informing principals about humanitarian-related issues.

OIG found the RefCoord is actively involved in observing and reporting on UNRWA’s performance. In addition to monitoring and tracking the funds UNRWA receives, the RefCoord works closely with UNRWA officials in Gaza and the West Bank to gather information for regular updates to PRM in Washington, DC. Updates are handled mainly through informal telephone calls and emails and formal weekly action reports. The RefCoord told the OIG team she interacts daily with various UNRWA staff and is a subcommittee member of UNRWA’s Advisory Commission. She also visits refugee camps and interacts with the camp service officers and operations support officers (OSO) to obtain a complete understanding of the situation in the camps and surrounding villages. The RefCoord holds regular bimonthly meetings with the OSOs for West Bank and Gaza. The RefCoord’s office is staffed by one PRM refugee coordinator in the political section and one locally-employed refugee specialist.

In addition to reviewing UNRWA’s semi-annual Section 301(c) reports, PRM representatives from Washington, DC converse monthly with UNRWA staff and travel at least twice a year to the region to meet with UNRWA officials and observe operations.

³ The 2009 Framework was signed by UNRWA’s Commissioner General and PRM’s Acting Assistant Secretary on November 18, 2008, in Amman, Jordan.

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Section 301(c) Compliance of United Nations Relief and Works Agency Operations

Since UNRWA works in a highly political and volatile environment where military actions frequently constrain delivery of its services, monitoring its staff and the refugees it serves to ensure neutrality is vital to its operations. UNRWA has a number of policies and procedures to ensure neutrality and conformance with funding conditions in Section 301(c), including:

- Eligibility/suitability screening and reference checks;
- Home investigations and background security checks;
- Introductory courses and training on neutrality and the UN work culture;
- Neutrality provisions in staff appointment letters;
- Staff circulars, rules, and regulations explaining UNRWA's neutrality and conformance with funding conditions in Section 301(c);
- Required annual pledges not to engage in political activities;
- Whistleblower protection and anti-reprisal policies;
- Print and electronic media monitoring, including Web sites;
- Requests for information from authorities whenever staff are detained, denied a permit for entry, targeted, or convicted;
- Standardized field and headquarter investigative mechanisms, such as fact-finding committees and boards of inquiry;
- Semi-annual name checks of all registered Palestinian refugees against the UN 1267 Consolidated List;⁴ and
- Semi-annual vetting of contractors and subcontractors against the UN 1267 Consolidated List and a check of suppliers against UN suspect vendor reports.

UNRWA also uses U.S. Government-funded OSOs to monitor the neutrality of UNRWA facilities to ensure that UNRWA installations are used only for humanitarian purposes. The OSOs provide valuable information to the RefCoord, especially in light of the current travel ban for chief of mission personnel to Gaza. OSOs conduct unannounced site visits and inspections of UNRWA facilities at least three times a year and submit a formal inspection report. Each report includes information on: (1) conditions inside and outside of the facility (presence of a UN flag, clearly marked UN sign, and walls free of slogans, posters, or other markings); (2) whether the OSO had free access to all parts of the installation for inspection; and (3) whether the facility is free from damage or entry by unauthorized persons. Inspection reports are entered into a database for tracking and follow-up actions. At the time of the OIG's fieldwork, OSOs had conducted more than 260 installation inspections. OSOs also perform informal weekly inspections in which they talk to staff, perform community outreach, and investigate any entry onto UNRWA property. An OSO team told OIG that ensuring neutrality is a core element of their work and their constant presence in the refugee camps and face-to-face interaction reinforces UNRWA's neutrality.

⁴ Per UN Resolution 1267 of 1999, the Security Council's Al-Qaida and Taliban Sanctions Committee established and maintains the Consolidated List "with respect to Al-Qaida, Usama bin Laden, and the Taliban and other individuals, groups, undertakings and entities associated with them."

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Every six months, UNRWA provides a detailed report to the Department of State, through PRM, that outlines processes and mechanisms for implementing and enforcing UNRWA's rules, regulations, and policies related to UN neutrality and conformance with U.S. funding conditions. The report includes seven topic areas as well as details on events and actions taken during the reporting period. The seven topic areas covered are training and instructions for UNRWA staff, refugees denied discretionary assistance, staff disciplinary matters, misuses of agency installations, incursions into UNRWA installations, checks against the UN 1267 Consolidated List, and additional measures to address Section 301(c) issues.

UNRWA-Operated Schools

UNRWA operates 221 of the 600 schools in Gaza and provides primary education to approximately 200,000 students. According to PRM officials, these schools promote stability and moderation, and provide an important alternative to Hamas-run schools. However, the difficult humanitarian and funding situation in Gaza is negatively affecting the UNRWA education program. In May 2007, 27,000 students in Gaza were tested in grades 4-9. According to the UNRWA Gaza Deputy Mission Director, the results were unacceptably low, with a range of 30-62 percent of students failing Arabic per grade and 60-90 percent per grade failing math. Further, embargoes on transporting building materials into Gaza have limited school construction and repair. As a result, to accommodate all students, 89 percent of UNRWA's schools in Gaza are currently operating on double shifts. In addition, the OIG team was told the collapse of the private business sector in Gaza has devastated job placement initiatives aimed at the 1,350 students enrolled in UNRWA's two vocational centers.

Since the 2007-2008 school year, UNRWA has been working with teachers, parents, and students to identify educational problems and initiate reforms. UNRWA has augmented Arabic and math instruction and implemented three rounds of standardized testing to diagnose underperforming schools. Schools are now being ranked according to students' test performance. According to UNRWA officials, the transparency of school rankings has changed the dynamic among parents and faculty and has put greater focus on school management and accountability as opposed to external political factors. UNRWA has contracted a private Canadian consultancy, with \$200,000 in financial support from PRM in addition to other donors, to conduct a study of UNRWA schools that will identify the technical assistance required to address educational performance problems and support reform.

UNRWA reports both progress in assessing student achievement through testing and establishing of benchmarks for school improvement. In Gaza, schools are engaged in a 7-point School of Excellence Action Plan for the 2009-2010 school year. The action plan includes: (1) providing basic assistance, such as school meals and stationery, for the neediest families; (2) improving supervision and student-teacher contact; (3) improving academics, particularly in Arabic and mathematics; (4) expanding remedial education; (5) screening and addressing special needs; (6) promoting values and good behavior; and (7) offering extracurricular activities. To promote values and good behavior, the Gaza field office is piloting a survey of all teachers and a sample of students to gauge feelings and attitudes about changes in the school environment. These efforts coincide with encouraging neutrality, tolerance, and respect in schools.

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UNRWA does not produce its own textbooks, but rather, by agreement, uses the educational materials of host governments. However, since 2002, all five UNRWA field offices - West Bank, Gaza, Jordan, Lebanon, and Syria - have supplemented national host curricula with PRM-funded materials designed to promote tolerance, conflict resolution skills, and human rights. These topics are integrated in a variety of subjects, including social studies, English, Arabic, and religious studies. This curriculum is taught at all 689 UNRWA schools. OIG plans to assess the impact of the PRM-funded Human Rights and Tolerance Education Program as part of its effort related to Section 1114 of the FY 2009 Supplemental Appropriations Act.

Finally, in October 2009, UNRWA announced it was launching a stand-alone enhanced human rights curriculum in Gaza, which examines various historical injustices through the lens of the 1948 Universal Declaration of Human Rights⁵ and the Geneva Conventions.⁶ UNRWA has faced harsh criticism and threats by Hamas for developing this enhanced human rights program, but still plans to proceed at the time of this reporting.

Conclusion

UNRWA undertook a series of actions following its employee union elections to identify and contend with any violations of Section 301(c) of the Foreign Assistance Act, as amended. UNRWA's actions and its cooperation over the past ten months in responding to inquiries from PRM, the U.S. Government Accountability Office, and OIG have led OIG to conclude that UNRWA has taken all possible measures to comply with Section 301(c). UNRWA's five-month investigation yielded no evidence of external political involvement or political activities by the 27 staff members elected to employee union offices. Although Hamas is still speaking out against UNRWA's human rights curricula, no issues have been reported with the teachers union since the March 2009 elections.

Further, PRM effectively monitors UNRWA's ability to meet conditions on U.S. funds and its obligations in Gaza under the *Framework for Cooperation between UNRWA and the United States Government*. The Bureau has assigned a RefCoord to Jerusalem who works closely with UNRWA officials, monitors and tracks the funds that UNRWA receives, and provides regular updates and reports on UNRWA's programs. Both PRM and UNRWA have adequate policies and procedures in place to monitor and evaluate Section 301(c) compliance as well as whether programs are meeting the Department of State's stated goals.

Throughout OIG's review, UNRWA staff at all levels stated that the organization would not be able to operate unless it maintained neutrality. UNRWA and PRM are successfully navigating

⁵The Universal Declaration of Human Rights was adopted and proclaimed by the UN General Assembly on December 10, 1948.

⁶ The four Geneva Conventions (which entered into force on October 21, 1950) and three Additional Protocols include rules to regulate and limit the effects of armed conflict and protect those who do not take part in the fighting as well as those who can no longer fight.

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the political environment to provide badly needed assistance while ensuring principles of neutrality are upheld.

Management Comments and OIG Response

OIG received technical comments and updated information from Consulate General Jerusalem and PRM. These comments have been incorporated throughout this memo report as appropriate.

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