

اتحاد العاملين العرب في وكالة الغوث بالضفة الغربية

Area Staff Union –West Bank

UNRWA

Briefing Paper on UNRWA Financial Crisis, Austerity Measures, and Their Impact on Staff and the Agency's Future

1. Background to the Financial Crisis

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is facing an escalating financial crisis due to declining funding and insufficient contributions from donor countries to meet the needs of its Programme Budget. At the beginning of 2026, the Agency announced an expected financial deficit of approximately USD 220 million, which was later reduced to around USD 70 million, according to the estimates announced at the time.

Despite the austerity measures introduced by the Agency, the crisis remains ongoing with warnings of continued revenue declines in 2027 and growing concerns about the Agency ability to maintain the scale of its operations, services, and workforce.

2. Key Measures Taken Against Staff in 2026

Throughout 2026, a series of decisions affected staff job security and living conditions and had an impact on the Agency's ability to deliver its services. The main measures include:

- **Termination of the contracts and entitlements of 622 Gaza Field staff members residing outside the Gaza Strip:** This decision was issued by Commissioner-General Philippe Lazzarini on 6 January 2026, following the expiry of the 12-month exceptional leave granted to them.
- **A 20% reduction in working hours and salaries:** Under a decision issued on 14 January 2026 and implemented on 1 February 2026, the reduction affected the majority of local staff, resulting in lower income and reduced service delivery hours.
- **Termination of the contracts of 78 daily-paid staff in the health sector in Gaza:** On 1 April 2026, this measure affected medical support personnel, doctors, and nurses who had worked for years providing health services.
- **Termination of the services of 70 Gaza staff members:** On 11 June 2026, as announced by Acting Commissioner-General Christian Saunders, based on considerations related to the safety and security of the Agency operations, staff, and premises.
- **Closure of the Small-Scale Funding and Development Programme:** On 17 September 2026, resulting in the termination of 42 staff members and a further reduction in the Agency programme structure.

- **Suspension of the Currency Adjustment Factor (CAF) for West Bank staff:** Despite being based on previous agreements and understandings between the Union and Agency management, this measure has further increased staff financial hardship amid the sharp decline in the US dollar exchange rate.

3. Evolution of the Acting Commissioner-General Statements on the Agency Future

Statements by Acting Commissioner-General Christian Saunders have reflected a shift in the discourse surrounding the financial crisis, from warnings about the cash deficit and the limitations of austerity measures to raising the possibility of reducing staff numbers and reconsidering the size of the Agency and its service delivery model.

17 June 2026 – UNRWA Advisory Commission Meeting

Saunders stated that the 20% reduction in service delivery hours and the reduction in salaries for the majority of local staff could not continue indefinitely, and that restoring services to their previous levels would require additional funding.

30 June 2026 – Pledging Conference

He explained that the reduction in working hours and salaries had served as the last line of defence against the immediate and mass dismissal of thousands of staff members. He warned that the continuation of the crisis could make further staff reductions unavoidable. He also referred to a critical cash deficit of approximately USD 100 million in 2026 and stated that the current measures were no longer sustainable in the long term.

19 October 2026 – Meeting with the European Commission

Saunders warned that continued funding shortfalls could put staff job security at risk and that the Agency might be unable to maintain its entire current workforce until the end of the year without additional funding.

22 October 2026 – Meeting with the Chair of the General Conference of Local Staff Unions

Statements made during the meeting confirmed the Administration direction towards reducing staff numbers across the different fields of operation, given the continuing financial deficit and its inability to retain the entire current workforce.

Statements and media interviews during October 2026 also included direct warnings that continued funding shortages could lead to further staff terminations, given that the largest share of the Agency's budget is allocated to staff salaries.

4. The Direction Towards Restructuring the Agency and Risks Ahead

The promotion of the concept of a "smaller, more sustainable UNRWA" raises serious concerns that austerity measures may evolve into a process of restructuring the Agency and reducing its human and operational capacity, rather than addressing the root causes of the crisis by securing the necessary funding to fulfil its UN mandate.

Reducing financial sustainability to staff cuts and reductions in services and programmes could lead to a new institutional reality in which the Agency ability to fulfil its obligations towards Palestine refugees is gradually diminished.

Taken together, these measures indicate that the crisis has shifted from general financial pressures to actions directly affecting the human resources on which the Agency relies to implement its programmes. This threatens staff job security, rights, and entitlements, while depleting accumulated expertise and weakening the Agency's operational structure.

5. The Union Position and the Importance of Trade Union and International Action

The Staff Union of UNRWA – West Bank Area strongly rejects the use of the financial crisis as a justification for staff dismissals or for undermining their job security, rights, and acquired entitlements.

The Union maintains that the financial deficit, regardless of its severity, should not be used to justify reducing UNRWA size or its capacity to fulfil its mandate, nor should staff alone bear the consequences of the crisis. Staff dismissals do not address the root causes of the crisis; rather, they weaken the Agency ability to deliver humanitarian services and fulfil its obligations towards Palestine refugees.

Protecting the rights of UNRWA staff is inseparable from protecting the Agency itself and ensuring the continuation of its humanitarian role and the fulfilment of its mandate towards Palestine refugees.

ASU-WB