

Solution to the Problem of Palestinian Refugees

**Within the framework of a permanent Israeli-
Palestinian Agreement**

Annex to the Geneva Initiative

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Preliminary Section

1. Background and Objectives

- 1) The objective of this document is to recommend a mechanism for a full and permanent solution to the Palestinian refugee problem, within the framework of a permanent Israeli-Palestinian agreement.
- 2) This document is based on the principles of Section 7 of the Geneva Agreement, according to which:
 - a. Refugees shall be entitled to choose their place of permanent residence from the following options: The State of Palestine; Israeli territories that shall be transferred to the State of Palestine within the framework of land swap; third countries, according to their sovereign discretion; current host countries, according to their sovereign discretion; the State of Israel, according to its sovereign discretion.
 - b. Funds shall be allocated for community rehabilitation and development at locations of permanent residence of the refugees.
 - c. Refugees shall be entitled to compensation for refugeehood and for loss of property.
 - d. An international commission shall be established that shall be responsible for implementing all aspects of the agreement regarding the refugees.
 - e. This agreement implements UN resolutions No. 194 and 242, and provides a permanent and comprehensive solution to the Palestinian refugee problem.
 - f. This agreement provides for the permanent and complete resolution of the Palestinian refugee problem. No claims may be raised except for those related to the implementation of this agreement
 - g. After implementation of the agreement UNRWA's activities shall be terminated.

2. **Definitions**

"Refugee" (hereinafter: "Palestinian Refugee" or "Refugee") – According to UNRWA's operational definition – A person whose normal place of residence was Palestine between June 1946 and May 1948, who lost both his home and means of livelihood as a result of the 1948 Arab-Israeli conflict, and a descendant through male line of a person who became a refugee in 1948.

Original Refugee - A person whose normal place of residence was Palestine between June 1946 and May 1948, who lost both his home and means of livelihood as a result of the 1948 Arab-Israeli conflict.

"Adult Original Refugee" – an Original Refugee, that on the determining date was older than 21 years old, married or a parent.

"The determining date" – November 29, 1947.

"Host Country" – Jordan, Syria, Lebanon.

"Third Country" – Any country in the world excluding host countries, the State of Israel, and the State of Palestine.

"The Database" – The Database established and operated according to the instructions of section 37 of this annex.

Part I: Components of the Agreement

Chapter A: Permanent Residence and Citizenship

3. **Eligibility for Permanent Residence**

Each Refugee is entitled to a place of permanent residence.

4. **Eligibility for Citizenship**

Each Refugee is entitled to receive the citizenship of the country where his permanent residence is or will be located.

5. **Eligibility for Permanent Residence and Citizenship in the State of Palestine**

Each Refugee is entitled to permanent residence and citizenship in the State of Palestine, pursuant to the laws of the State of Palestine.

6. **Choice of Location of Permanent Residence**

Each Refugee may choose freely and knowingly the location of his permanent residence, from the following options:

- 1) The State of Palestine, in accordance with the laws of the State of Palestine.
- 2) Areas transferred from the State of Israel to the State of Palestine according to this agreement, in accordance with the laws of the State of Palestine.
- 3) Third countries, in accordance with numbers that each third country will submit to the International Commission. These numbers shall represent the total number of Palestinian refugees that each third country shall accept within an agreed timeframe.
- 4) The State of Israel, subject to the sovereign discretion of Israel and in accordance with a number that Israel will submit to the International Commission. This number shall represent the total number of Palestinian refugees that Israel shall accept. As a basis, Israel will consider the average of the total numbers submitted by the different third countries to the International Commission.

5) The host country where he is residing at the time of signing the agreement, subject to the approval of the host country and in accordance with its sovereign discretion.

7. **Default**

A Refugee who does not declare where he wishes to reside permanently, shall be considered as one who has chosen to reside permanently in the country where he is residing at the time of signing the agreement, and shall be entitled to permanent residence and citizenship in that country and/or in the State of Palestine, subject to the laws of each country.

Chapter B: Rehabilitation and Development

8. **Allocation of funds for rehabilitation and development**

Funds shall be allocated for rehabilitation of Refugee communities via investment instigating development in places of permanent residence of Refugees.

9. **Target of funds**

The funds shall be targeted, to the advancement of the refugees' freedom, welfare, economic growth, education, human rights, and integration within the society of the country of their permanent residence.

Chapter C: Compensation for Refugeehood

10. **Eligibility**

Each Adult Original Refugee is eligible for compensation for refugeehood.

11. **Amount of individual Compensation**

The compensation for refugeehood shall be of a fixed and equal sum of _____ Pounds for each Adult Original Refugee.¹

12. Rights of Successors

- 1) Had an Original Refugee passed away – his rights for compensation shall pass to his successors.
- 2) The Law of Succession applying for purposes of this section is the personal law of the testator; however, the Committee for Determination of Status shall be authorized to deviate from the testator's personal law if in its judgment it is appropriate to do so in the name of justice.

Chapter D: Compensation for Loss of Property²**13. Eligibility**

An Original Refugee who has lost his property as a result of the 48 War is eligible for compensation according to the instructions of this chapter.

14. Rights of Successors

- 1) Had an Original Refugee passed away – his rights for compensation shall pass to his successors.
- 2) The Law of Succession applying for purposes of this section is the personal law of the testator; however, the Committee for Determination of Status shall be authorized to deviate from the testator's personal law if in its judgment it is appropriate to do so in the name of justice.

15. The Total Amount of Compensation

- 1) Based on the findings and the evaluations of a panel of experts, the parties agree that the current Total Value of the property rights that were held by the refugees on the determining date is _____ (hereinafter "the Total Value")³.
- 2) A company for compensation shall be established whereby its sole asset shall be the Total Value.

- 3) The company for compensation shall issue and distribute to eligible Original Refugees three types of securities – promissory notes, bonds and shares.
- 4) The total value shall constitute Israel's contribution to the company for compensation.
- 5) The value of the assets located in former settlements that shall remain complete and shall be transferred to the State of Palestine, shall be offset against Israel's contribution to the company for compensation. This value will also be determined by the panel of experts, taking into account the damage caused by the settlements.

16. The Fast Track

Each and every Adult Original Refugee shall be assumed to hold some property rights, even if such rights cannot be proven, and shall be entitled to submit a claim for compensation for loss of property on the fast track, and receive:

- 1) A promissory note that shall be issued by the Company, with a nominal value equal to 30% of the Total Value divided by the Number of Original Adult Refugees, as such number is determined by UNRWA's records. The promissory note shall be redeemable immediately upon issuance.
- 2) A share that shall be issued by the Company, with a nominal value of 1 penny. Each share allocated according to this section shall have equal right in the company, and shall entitle its holder to an equal share of the Company's assets after its dissolution.

17. The Evidential Track

- 1) An original Palestinian refugee who has not submitted a claim on the fast track, is eligible to submit a claim for compensation for loss of property on the evidential track, and subject to proof of his rights shall be entitled to receive bonds that shall be issued by the Company, with a total nominal value of 80% of the value of the property that he has lost. Half of the bond's principal amount shall be redeemable immediately upon issuance, and the rest will be paid upon the Company dissolution.

- 2) The law applying to the Refugees' property rights is the prevailing law in Palestine on the determining date; however, the Committee for Compensation for Loss of Property shall be authorized to deviate from such prevailing law if in its judgment it is appropriate to do so in the name of justice.
- 3) The value of the property in which a refugee has proven his rights shall be calculated according to the same principles and financial multipliers that were used as a basis for determining the Total Value.

18. **Allocation of securities at the conclusion of investigation of claims**

After the time for submitting claims under both tracks have passed, the rights of those Adult Original Refugees who are registered in the Database and did not file a petition, either by themselves or through their successors, shall be allocated to the Palestinian State, as if these claims were submitted in the fast track⁴.

19. **Dissolution of the Company for Compensation**

After all the claims have been investigated, the Company shall be dissolved and its funds shall be distributed among securities holders according to the following order:

- (a) Promissory Notes
- (b) Bonds
- (c) Shares

Chapter E: Finality of Claims

20. **Finality of Claims**

No claims for residency, citizenship, compensation for loss of property or compensation for refugeehood shall be recognized outside of the framework of this agreement.

Part II: The International Commission

Chapter F: Mandate and Structure

21. **Establishment of an International Commission**

An international commission shall be established, which shall have full and exclusive responsibility for implementing all aspects of the agreement pertaining to refugees. The International Commission shall be an autonomous judicial international organization.

22. **Seat of the Commission**

The head offices of the International Commission shall be located in Geneva.

23. **Working Language**

The official working language of the Commission shall be English. The Commission shall use additional languages as shall be required in order to administer sound communications with the persons and entities it communicates with.

24. **Board of Directors**

The supreme authority of the Commission shall be the Board of Directors.

25. **General Secretariat**

The Board of Directors shall establish a general secretariat which shall manage the daily activity of the Commission.

26. **Committees⁵**

The following committees shall operate within the framework of the Commission:

- 1) The Committee for Determination of Status
- 2) The Committee for Compensation for Refugeehood.

- 3) The Committee for Compensation for Loss of Property
- 4) The Committee for Permanent Residence and Citizenship
- 5) The Committee for Rehabilitation and Development
- 6) Additional committees which the Board of Directors shall find it appropriate to appoint and to delegate authority to

27. **Funds⁶**

The Commission shall manage its financial affairs via the following funds:

- 1) International Fund for Financing the Commission Administration (hereinafter: "Administrative Fund").
- 2) Compensation for Loss of Property Fund, which shall be incorporated as a limited company (hereinafter: "the Compensation Company").
- 3) Compensation for Refugeehood Fund.
- 4) Rehabilitation and Development Fund.
- 5) Additional funds which the Board of Directors shall find appropriate to establish for implementation of the agreement.

28. **Auditing of the Commission**

An internal auditor and ombudsman shall act within the framework of the Commission and shall audit the activities of the Commission institutions and handle complaints submitted against them.

Chapter G: Board of Directors

29. **Powers and Functions**

- 1) The Board of Directors shall determine the policies of the Commission, shall supervise the activity of the committees and the Secretariat and it shall have the residual authority to determine the modes of action of the Commission in all

matters which are not under the authority of any other entity in the Commission according to this agreement.

- 2) Subject to the approval of the members in the board representing the parties to this agreement, the Board of Directors shall be authorized to amend this annex, on the condition that the regulations that amendment shall not deviate from the instructions of the agreement itself.

30. **Composition**

Each of the following entities shall be permitted to nominate a member of the Board of Directors and to replace him with another:

- 1) The parties to the agreement
- 2) Host countries
- 3) A country contributing at least one billion Pounds to the funds operating within the framework of the Commission
- 4) The European Union
- 5) The USA
- 6) The Arab League
- 7) The UN
- 8) The World Bank

31. **Chairperson**

The UN nominee to the Board of Directors shall serve as the Board's Chairperson, and shall conduct its meetings.

32. **Meetings**

- 1) The Board of Directors shall convene initially at a date to be determined by the Chairperson of the Board, and not later than three months after the signing of this agreement.
- 2) The Board of Directors shall convene for an ordinary meeting once per quarter, at a date to be determined by the Chairperson.

- 3) The Board of Directors shall have the authority to summon extraordinary meeting in a 30 days notice and shall be obliged to do so following the receipt of a written request signed by a member of the Board representing a party to this agreement or by three members of the Board of Directors.

33. **Method of Decision-Making**

Resolutions of the Board of Directors shall be made by a majority of two thirds of the members, excluding the following topics for which resolutions shall be made by a simple majority of the votes of the participants in the vote:

- 1) Appointment and approval of appointment of functionaries of the Commission.
- 2) Approval of resolutions of the Secretary General, in cases where such approval is required.
- 3) Approval of annual and multi-annual budget of the Commission administration.
- 4) Amendment of this annex pursuant to section 29(2).

Chapter H: The General Secretariat

34. **Powers and Functions**

Subject to the instructions of the Board of Directors, the General Secretariat shall manage the daily activities of the Commission, and shall assist the organizations acting within its framework to fulfill their functions. In order to fulfill its functions and be accessible to the refugees, the General Secretariat will comprise, among others:

- a. A Unit for Handling Refugees' Petitions
- b. A Database
- c. A secretariat in charge of the funds
- d. A secretariat in charge of the committees.

The General Secretariat shall hold, amongst others, the following powers and functions:

- 1) Implementing decisions and resolutions taken by the Board of Directors, the committees and the Funds.
- 2) Managing the budget of the Commission administration.
- 3) Coordinating between the organs of the Commission.
- 4) Coordinating between the Commission and the parties to the agreement, and between the Commission and other entities with whom coordination is required for implementation of the agreement.
- 5) Handling refugees' and successors' petitions.

35. **Chairperson**

- 1) The Chairperson of the General Secretariat (hereinafter: "The Secretary General") shall be appointed by the mutual consent of the board members representing the parties to this agreement, subject to the approval of the Board of Directors, and he shall have, amongst others, the following powers and functions:
 - a. Managing the General Secretariat.
 - b. Appointing the General Secretariat employees.
 - c. Reporting to the Board of Directors.
- 2) The duration of the Secretary General's tenure shall be for five years, unless this period shall be shortened or extended by the mutual consent of the board members representing the parties to this agreement, subject to the approval of the Board of Directors.

36. **The Unit for Handling Refugees' Petitions**

- 1) The General Secretariat shall establish and operate a unit for handling refugees' petitions.
- 2) The main office of the unit for handling refugees' petitions will be located in Geneva.
- 3) The unit for handling refugees' petitions will establish and operate local branches in the West Bank, Gaza, Jordan, Syria, Lebanon and in any other

location the Secretary General shall find necessary in order to facilitate the goals of this agreement.

- 4) Refugees will be entitled to file petitions in four forms:
 - a. A petition regarding the determination of their status as Refugees, Original Refugees or Adult Original Refugees⁷
 - b. A petition for compensation for refugeehood.
 - c. A petition for compensation for loss of property (fast or evidential track).
 - d. A petition for permanent residency and citizenship
- 5) Successors will be entitled to file petitions in three forms:
 - a. A petition regarding the determination of their status as Refugees, Original Refugees or Adult Original Refugees⁸
 - b. A petition for compensation for refugeehood.
 - c. A petition for compensation for loss of property (fast or evidential track).
- 6) The unit for handling refugees' petitions, through its local branches, shall be responsible for:
 - a. Dissemination of information to refugees regarding their rights under this agreement and the procedures they should follow in order to realize such rights.
 - b. Making the petition forms accessible for refugees and successors.
 - c. Supplying refugees and successors with technical and legal assistance, consultancy and guidance in filing their petitions.
 - d. Collecting refugees and successors petitions and forwarding them to the appropriate Committee.
 - e. Informing refugees and successors about the status of their petitions
 - f. Distributing payments and securities issued by the funds to eligible refugees and successors.
- 7) In order to facilitate the goals of this agreement and to fulfill its functions, the unit for handling refugees' petitions may operate an internet website by which refugees will be able to find information regarding their status and rights and file petitions.

37. Database

- 1) The General Secretariat shall set up and maintain a database containing information regarding each refugee and successor, which is relevant for the implementation of this agreement.
- 2) In constructing the database, the General Secretariat will first rely on UNRWA's records to provide information about each refugee, including, inter alia, his name, age, gender, ID number, residency, citizenship and status according to this agreement (Refugee, Original Refugee, Adult Original Refugees, Successor of an Original Refugee or Successor of an Adult Original Refugee).
- 3) The information contained in the database shall constitute prima facie evidence for the accuracy of such information, and unless proven otherwise, the committees may rely on it when deciding refugees and successors' petitions⁹.
- 4) Every individual may submit a petition, asking to include him in or exclude him from the database, or to amend any information contained in the database which is relevant to him. A petition submitted according to this section shall stipulate the requested amendment and provide evidence in its support. The petition will be decided by the Committee for Determination of Status.
- 5) The database shall be amended and updated by the General Secretariat at each stage of the petitioning procedure, starting from the petition submission, through the committees' decisions in the petitions submitted to them, and ending with the measures taken by the General Secretariat to implement such decisions.
- 6) The committees and the funds shall have access to the information contained in the database.
- 7) Each Refugee shall have access through the Internet to information contained in the database relating to him, his successors, his predecessors and other successors of his predecessors.
- 8) The General Secretariat shall take steps to ensure the confidentiality of the information contained in the database, and its use only for purposes of the Commission.

Chapter I: Committee for Determination of Status

38. **Powers and Functions**

The Committee for Determination of Status shall be authorized to:

- 1) Decide on petitions regarding Refugees' and Successors' status.
- 2) Outline the modes of action of the General Secretariat in all matters relating to the methods for handling petitions regarding Refugees' and Successors' status.

39. **Members**

The Committee for Determination of Status will consist of five members who shall be elected by the Board of Directors from a list of candidates that shall be submitted to it by the Secretary General. At least one of the members of the committee will be a senior member of the PLO.

40. **Chairperson**

- 1) The Secretary General, with the approval of the Board of Directors, shall appoint one of the members of the Committee for Determination of Status to serve as the Chairperson of the Committee.
- 2) The Chairperson of the Committee for Determination of Status shall conduct the committee meetings.

41. **Method of Decision-Making**

The decisions and resolutions of the Committee for Determination of Status shall be accepted by a simple majority of members participating in the vote.

42. **Applicable Dates**

- 1) Petitions regarding appeals on Refugees' and Successors' status shall be submitted to the Commission within half a year from the date that the Secretary

General shall announce as the date of the start of activity of the International Commission.

- 2) The Committee for Determination of Status shall decide all status petitions as early as possible, and no later than one year after the date that the Secretary General shall announce as the date of the start of activity of the International Commission.

Chapter J: Committee for Compensation for Refugeehood

43. **Powers and Functions**

The Committee for Compensation for Refugeehood shall be authorized to:

- 1) Decide petitions for compensation for refugeehood.
- 2) Outline the modes of action of the General Secretariat in all matters relating to the methods for handling petitions regarding compensation for refugeehood.
- 3) Supervise the distribution of payments of compensation for refugeehood by the General Secretariat.
- 4) Inform all refugees found eligible to compensation for refugeehood. The committee will notify the refugees by sending them a letter that will be signed by the chairperson of the Board of Directors and a senior representative of the PLO.

44. **Members**

The Committee for Compensation for Refugeehood will consist of three members who shall be elected by the Board of Directors from a list of candidates that shall be submitted to it by the Secretary General. At least one of the members of the committee will be a senior member of the PLO.

45. Chairperson

- 1) The Secretary General, with the approval of the Board of Directors, shall appoint one of the members of the Committee for Compensation for Refugeehood to serve as the Chairperson of the Committee.
- 2) The Chairperson of the Committee for Compensation for Refugeehood shall conduct the committee meetings.

46. Method of Decision-Making

- 1) The decisions and resolutions of the Committee for Compensation for Refugeehood shall be accepted by a simple majority of members participating in the vote.
- 2) In determining the compensation award for Successors of Adult Original Refugees, the Committee shall allocate to each Successor the portion of the compensation according to the Successor's right in the property of the Adult Original Refugee.

47. Applicable Dates

- 1) Petitions for compensation for refugeehood shall be submitted to the Commission within two years from the date that the Secretary General shall announce as the date of the start of activity of the International Commission.
- 2) The Committee for Compensation for Refugeehood shall decide all petitions for Compensation for Refugeehood as early as possible, and no later than three years after the date that the Secretary General shall announce as the date of the start of activity of the International Commission..
- 3) The Committee for Compensation for Refugeehood shall ensure that the distribution of compensation for refugeehood shall be finalized no later than six years after the date that the Secretary General shall announce as the date of the start of activity of the International Commission.

Chapter K: Committee for Compensation for Loss of Property

48. **Powers and Functions**

The Committee for Compensation for Loss of Property shall have the following powers:

- 1) Decide upon petitions for compensation for loss of property.
- 2) Outline the modes of action of the General Secretariat in all matters relating to the methods of handling petitions for compensation for loss of property, both in the fast track and in the evidentiary track.
- 3) Supervise the distribution of compensation for loss of property by the General Secretariat.

49. **Members**

- 1) The Secretary General shall determine the number of members on the Committee for Compensation for Loss of Property, which shall not be less than five.
- 2) The members of the Committee shall be elected by the Board of Directors from a list of candidates that shall be submitted to it by the Secretary General.
- 3) When electing members of the Committee preference shall be given to persons with relevant professional experience and skills.

50. **Chairperson**

- 1) The Secretary General, with the approval of the Board of Directors, shall appoint one of the members of the Committee for Compensation for Loss of Property to serve as Chairperson of the Committee.
- 2) The Chairperson of the Committee for Compensation for Loss of Property shall conduct the committee meetings.

51. **Methods of Decision Making**

- 1) The Chairperson of the Committee for Compensation for loss of property shall be authorized to determine that the deliberations regarding petitions submitted to the Committee shall be conducted by small panels of three members and to appoint such panels and their chairpersons from members of the Committee.
- 2) At any stage before the panel has reached a final decision, a petitioner may request to withdraw his petition in the evidentiary track and to submit a petition in the fast track, even if the final date for submission of claims in the fast track has passed. The panel will approve such a request only if it finds that the petitioner has acted in good faith.
- 3) In determining the compensation award for successors of Original Refugees and Adult Original Refugees , the Committee shall allocate to each successor the portion of the compensation according to the successor's right in the estate of the Original Refugee.
- 4) Decisions and resolutions of the Committee for Compensation for Loss of Property, including the decisions of small panels as mentioned in Section 51(1), shall be accepted by a simple majority of the members participating in the vote.

52. **Applicable Dates**

- 1) Petitions for compensation for loss of property, both in the fast track and in the evidentiary track, shall be submitted to the Commission within two years from the date to be announced by the Secretary General as the date of start of activity of the International Commission.
- 2) The Committee for Compensation for Loss of Property shall decide all petitions submitted in the fast track as early as possible, and no later than three years from the date to be announced by the Secretary General as the date of start of activity of the International Commission..
- 3) The Committee for Compensation for Loss of Property shall decide all petitions submitted in the evidentiary track as early as possible, and no later than ten years after the date to be announced by the Secretary General as the date of start of activity of the International Commission.

- 4) The Committee for Compensation for Loss of Property shall ensure that the distribution of securities to all petitioners in the fast track shall be finalized no later than six years from the date to be announced by the Secretary General as the date of start of activity of the International Commission.
- 5) The Committee for Compensation for Loss of Property shall ensure that the distribution of securities to all petitioners in the evidentiary track shall be concluded no later than 10 years from the date to be announced by the Secretary General as the date of start of activity of the International Commission

Chapter L: Committee for Permanent Residence and Citizenship

53. **Powers and Functions**

The Committee for Permanent Residence and Citizenship shall be authorized to:

- 1) Determine the policy and criteria according to which the place of permanent residence and citizenship of each refugee shall be determined, with the aspiration that the location shall be as close as possible to the preference of the refugee, while taking into account the family unity.
- 2) Rule upon refugees' petitions regarding permanent residence and citizenship.
- 3) Outline the modes of action of the General Secretariat in all matters relating to the methods of handling petitions regarding permanent residence and citizenship.
- 4) Supervise the implementation of its decisions in refugees' petitions by the General Secretariat.
- 5) Approach, collect and list all countries willing to accept refugees, the numbers of refugees each country is willing to accept and the conditions for accepting them.

54. Members

The Committee for Permanent Residence and Citizenship shall consist of five members that shall be elected by the Board of Directors from a list of candidates that shall be submitted to it by the Secretary General.

55. Chairperson

- 1) The Secretary General, with the approval of the Board of Directors, shall appoint one of the members of the Committee for Permanent Residence and Citizenship to serve as Chairperson of the Committee.
- 2) The Chairperson of the Committee for Permanent Residence and Citizenship shall conduct the Committee meetings.

56. Method of Decision-Making

Decisions and Resolutions of the Committee for Permanent Residence and Citizenship shall be made by a simple majority of the members participating in the discussions or the vote.

57. Applicable Dates

- 1) Petitions regarding permanent residence and citizenship shall be submitted to the Commission within three years from the date to be announced by the Secretary General as the date of start of activity of the International Commission.
- 2) Refugees will be entitled to one additional petition in case their original petition was refused.
- 3) The Committee shall decide all refugees' petitions regarding permanent residence and citizenship within seven years from the date to be announced by the Secretary General as the date of start of activity of the International Commission.

Chapter M: Committee for Rehabilitation and Development

58. **Powers and Functions**

The Committee for Rehabilitation and Development shall be authorized to:

- 1) Determine regulations for submission of programs for rehabilitation and development of refugee communities.
- 2) Approve rehabilitation and development programs or condition their approval on terms and amendments to be determined by the Committee.
- 3) Determine the funds to be allocated for each of the approved programs.
- 4) Supervise the implementation of the rehabilitation and development programs approved by the Committee and the use of the funds allocated for these programs..
- 5) Establish procedures through which refugees may express their positions regarding programs submitted to the Committee.
- 6) Outline the modes of action of the General Secretariat in all matters relating to rehabilitation and development.

59. **Members**

- 1) The Committee of Rehabilitation and Development shall consist of five members which shall be elected by the Board of Directors from a list of candidates that shall be submitted to it by the Secretary General.
- 2) When electing the Committee members preference shall be given to those with relevant professional experience and skills.

60. **Chairperson**

- 1) The Secretary General, with the approval of the Board of Directors, shall appoint one of the members of the Committee for Rehabilitation and Development to serve as Chairperson of the Committee.

- 2) The Chairperson of the Committee for Rehabilitation and Development shall conduct the Committee meetings.

61. Method of Decision-Making

Decisions and Resolutions of the Committee for Rehabilitation and Development shall be made with a simple majority of the voting members.

62. Allocation of Funds

- 1) The Committee shall allocate funds for rehabilitation and development to the host countries and to the State of Palestine, on the basis of the programs that the countries shall submit, and following consultation with the Director of the Rehabilitation and Development Fund, taking into account, amongst others, the following considerations:
 - a. The number of refugees residing or expected to reside permanently in the petitioning country.
 - b. The number of refugees residing in the petitioning country at the time of signing the agreement.
 - c. The number of refugees that the petitioning country sees fit to receive within its borders within the framework of the agreement.
 - d. The quality of the program and its contribution to the development of refugee communities and to rehabilitation of the environment in which they live including:
 - I) The contribution of the program to the advancement of independence and economic welfare of the refugees, for creation of jobs and opportunities to acquire education.
 - II) The contribution of the program for promoting human rights and protection of the environment.
 - III) The assimilation of refugees in the society of the host countries
 - e. The budget required for implementing the program, and additional sources of financing offered by the petitioning country.

- f. The views of the refugees expected to be affected by the rehabilitation and development program under discussion.
 - g. The funds available to the Rehabilitation and Development Fund.
- 2) The Committee shall be entitled to determine that the funds for financing the rehabilitation and development programs shall be allocated in stages, and condition that each stage must meet the terms as shall be determined.

63. Submission of Rehabilitation and Development Programs

- 1) The Committee for Rehabilitation and Development shall publish regulations and dates for submission of rehabilitation and development programs.
- 2) The Committee for Rehabilitation and Development shall instruct the Secretariat to establish a system of aid to the countries when designing the rehabilitation and development programs.

64. Participation of Refugees in Decisions on Approval of Programs

The Committee for Rehabilitation and Development shall determine regulations for publishing the programs submitted to it, and for submission of responses of refugees to those programs.

Chapter N: Sources of Financing

65. Collection of Contributions

The Secretary General shall be responsible for collecting money or pledges for the purpose of implementing this annex.

66. Allocation of Money to Funds

The Money and the pledges collected by the Secretary General shall be allocated to the funds operated within the framework of the Commission according to the following priority:

- 1) In the first priority, money or pledges shall be allocated to the Administrative Fund, but no more than 1% of the total contributions collected by the Commission (excluding the Total Value), whichever is higher.
- 2) In the second priority money or pledges shall be allocated to the Compensation Company to cover the Total Value.
- 3) In the third priority money or pledges shall be allocated to the compensation for refugeehood fund to cover the expected sum needed to cover the compensation for refugeehood.
- 4) In the fourth priority money or pledges shall be allocated to the Rehabilitation and Development fund.

Chapter O: Administrative Fund

67. **Functions**

- 1) The Administrative Fund shall manage and allocate the money required for operation of the Commission mechanism, according to the annual and multi-annual budgets of the Commission administration.
- 2) In order to carry out its functions the Fund shall be permitted to deposit money with financial institutions that shall be approved by the Board of Directors, or to receive credit from such institutions.

68. **Director**

- 1) The Fund Director shall be appointed by the Secretary General with the approval of the Board of Directors.
- 2) The Fund Director shall consult with the Secretary General regarding the planning of the annual and multi-annual budget of the Commission.

69. **Reports**

The Fund Director shall submit quarterly and annual reports to the Secretary General and Board of Directors, regarding the financial status of the Commission,

including a financial forecast.

Chapter P: The Company for Compensation

70. **Establishment**

- 1) The Company for Compensation shall be a public limited liability company which shall be incorporated in England according to British law.
- 2) The only shareholder of the Company for Compensation at the time of its establishment shall be the Commission; the shares that shall be held by the Commission shall not be eligible for dividends or rights on liquidation.
- 3) The Secretary General shall be responsible for establishing the Company and designing the incorporation documents in a way that shall enable it to carry out its functions as noted in this annex.

71. **Functions**

- 1) The Company shall issue promissory notes, bonds and shares to the refugees according to the decisions and instructions of the Committee for Compensation for Loss of Property.
- 2) In order to carry out its functions the Company shall be authorized to deposit money in financial institutions approved by the Board of Directors, or to receive credit from such institutions.

72. **Expenses**

The assets of the Company for Compensation shall be used only and solely to cover its commitments according to the promissory notes, bonds and shares it has issued to refugees, or to cover the credit taken in order to finance these commitments; the rest of the Company expenses, including employee salary expenses, shall be financed by the Administrative Fund.

73. **Board of Directors**

The Board of Directors of the Company for Compensation shall consist of at least three members, who shall be appointed by the General Assembly of the shareholders, in which the Commission shall be the only participant, and the representative of the Commission in it shall be the Secretary General.

74. **Chairperson of the Board of Directors**

The Secretary General shall appoint one of the members of the Board of Directors to serve as the Chairperson of the Board.

75. **General Manager**

The Board of Directors of the Company for Compensation shall appoint its General Manager.

76. **Reports**

The General Manager shall submit audited quarterly and annual financial reports to the Secretary General, to the Company's Board of Directors and General Assembly, the Committee for Compensation for loss of Property and to the Board of Directors of the Commission.

77. **Securities to be Issued by the Company**

- 1) The promissory notes which the Company shall issue to the refugees shall be redeemable immediately.
- 2) The shares which the Company shall issue shall be of a nominal value of 1 penny, and no voting rights shall be attached to them.
- 3) The bonds which the Company shall issue shall be of a nominal value of 100 pounds and they shall not bear interest. Half of the bond's value shall be redeemable immediately and the rest shall be paid upon the Company's dissolution.

78. Registration of Company Securities for Trade on the Stock Market

The Company's Board of Directors and management shall be authorized to list the Company's shares and bonds for trading on the London Stock Exchange or any other comparable stock market that the Board of Directors shall find appropriate, and inasmuch as is required shall act to amend the incorporation documents and the corporate governance of the Company, in order to enable such listing.

79. Liquidation of the Company

After the Secretary General has notified the Company on the conclusion of the work of the Committee for Compensation for Loss of Property, and after the Company has allocated shares to the Palestinian State as detailed in Section 18, the Company shall decide on its voluntary liquidation, and its assets shall be distributed according to the British liquidation laws, by the following order:

- 1) Promissory notes
- 2) Bonds
- 3) Shares

Chapter Q: Compensation for Refugeehood Fund**80. Functions**

- 1) The Compensation for Refugeehood Fund shall allocate money to refugees according to the decisions and instructions of the Committee for compensation for refugeehood.
- 2) In order to carry out its functions the Fund shall be permitted to deposit money with financial institutions approved by the Board of Directors, or to receive credit from such institutions.

81. Director

The Fund Director shall be appointed by the Secretary General with the approval of the Board of Directors.

82. Reports

The Fund Director shall submit audited quarterly and annual financial reports to the Secretary General, to the Committee for compensation for refugeehood, and to the Board of Directors of the Commission.

Chapter R: Rehabilitation and Development Fund**83. Functions**

- 1) The Rehabilitation and Development Fund shall allocate money to the countries according to the decisions and instructions of the Committee for Rehabilitation and Development.
- 2) In order to carry out its functions the Fund is permitted to deposit money in financial institutions approved by the Board of Directors, or to receive credit from such institutions.

84. Director

The Fund Director who shall be appointed by the Secretary General with the approval of the Board of Directors.

85. Reports

The Fund Director shall submit to the Secretary General, to the Committee for Rehabilitation and Development and to the Board of Directors of the Commission audited quarterly and annual financial reports.

Chapter S: Internal Auditor and Ombudsman

86. **Appointment**

The Board of Directors of the Commission shall appoint an individual with the relevant skills and experience to serve as Internal Auditor and Ombudsman of the Commission.

87. **Functions**

The Internal Auditor and Ombudsman shall supervise execution of decisions and resolutions taken by the Board of Directors and the Committees, shall audit the activities of the Commission institutions and shall handle complaints submitted against them.

88. **Reports**

- 1) The Auditor and Ombudsman shall submit an annual work program to the Board of Directors.
- 2) At the end of each working year the Auditor and Ombudsman shall submit a report to the Board of Directors on the performance of the Commission and its institutions and the complaints that were submitted against the Commission and the way in which they were handled by him and by the Commission institutions.

89. **Regulations for Submission of Complaints**

The Ombudsman shall adopt regulations for submission and treatment of complaints, and shall ensure their publication.

90. **Budget**

The budget for the Auditor and the Ombudsman shall be determined by the Board of Directors, following consultation with the Director of the Administrative Fund.

Chapter T: General Instructions

91. **Exemption from Personal Liability**

The appointed functionaries of the Commission shall be exempted from personal liability for resolutions and actions (including failures) that were taken or carried out within the framework of their position, unless they acted with gross negligence or with malice or bad faith.

92. **Salaries**

- 1) Salaries of the members of the Board of Directors shall be determined and paid by their sponsors
- 2) The salary of the Secretary General shall be determined by the Board of Directors on the basis of the UN standards, and shall be paid by the Administrative Fund.
- 3) The salaries of the rest of the Commission employees shall be determined by the Secretary General with the approval of the Board of Directors, on the basis of the UN standards, and shall be paid by the Administrative Fund.

93. **Dismantling of the Commission after conclusion of activities**

Following the Board of Directors determination that the International Commission has concluded its work, and not later than twenty years from the signing of this agreement, the Commission shall be dismantled and shall cease to exist

¹ Two alternatives can be considered:

1. To award the compensation in cash
2. To award the compensation as "vouchers", that is, "purchase vouchers" that can be used for purposes to be determined in advance such as education, health, professional training etc.

The advantage in payment by cash is that this method awards the refugee more freedom to use the money as he wishes.

The disadvantage in payment by cash is that the money could be used for purchasing consumer goods which will contribute to the standard of living in the short term but will not bring about growth in the long term. The advantage of payment by vouchers is that the use of the monies can be directed to "appropriate" causes, which could contribute to long term development. An additional advantage is that the vouchers are personal, thus it can be assured that the refugee himself will benefit from them, and no other individual can deprive him of them (a scenario that can happen when an individual receives cash to a joint or shared bank account, for example). This is an important advantage for refugees belonging to the weaker groups in the population (such as women).

The disadvantage of vouchers is that the determination in advance for the refugees as to what they can do with

the money to which they are entitled is paternalistic and harms their freedom of choice. In addition, the use of a "voucher system" will have to be accompanied by a massive mechanism with staff and personal that will have to deal with the vouchers and will focus on preventing the misuse of vouchers and supervising that a voucher "black market" will not be established. Another disadvantage is that the refugees, who are entitled to a certain amount of money, will actually receive only a portion of it since in nominal figures, the money will be given to the institutions that provide the services. Lastly, vouchers could be seen as less attractive in the eyes of refugees than money in cash.

There are a number of interim alternatives, such as awarding compensation by voucher which can be converted into cash, but have a lower value in cash than the value awarded for the voucher itself; or to award part of the payment in vouchers and part in cash.

² The perceptions and assumptions which form the basis of the instructions of the section dealing with compensation for loss of property are:

- a. Anyone who meets the definition of an original adult Palestinian refugee had, before he became a refugee, a home and means of living, even if formally he did not have the right of ownership to assets (as he was a tenant farmer, permit holder or any other status). Therefore, although in the Geneva Agreement it is stated that receipt of compensation on the fast track shall require from the complainant proof of ownership of assets (Section 7(11)(e)(II)(1)), it has been decided to waive this requirement.
- b. A large number of the rights of the refugees who lost their assets cannot be proven today due to difficulties like the difficulty of proof of joint ownership, in particular in assets that passed in inheritance to a large number of family members.
- c. Regarding distribution of capital on the determining date, the majority of the assets were held by a relatively small minority of the Palestinian population (whereby each of those held assets of great value), and a small share of the assets was held by all the rest (thus each of them held assets of a relatively low value). According to customary evaluations, approximately 15% of the entire Palestinian population that lived in Israel at the determining date held about 80% of the assets, and the other 85% held together approximately 20% of the assets (see for example Michael R Rischbach, *Records of Dispossession: Palestinian Refugee Property and the Arab-Israeli Conflict* (New York: Columbia University Press, 2003), p. 129).
- d. Agreement can be reached regarding the value of all the assets that were held by the Palestinian refugees (hereinafter: the total amount).
- e. The total compensation that all the refugees shall receive for loss of assets must be based on the total amount.

Based on the above principles, it has been determined that the compensation for loss of property shall be awarded in two alternative tracks – regular ("evidential") for which the complainants shall be required to prove their rights, and fast track, whereby any Palestinian refugee who was an adult at the determining date shall be eligible to receive a fixed sum of compensation without proof of damages.

³ The "Total Value" is based on the evaluations of a panel of experts before the signature of the agreement and is an integral part of the agreement itself. This, unlike the wording of Section 7(9)(b) to the Geneva Agreement whereby a panel shall be established which will submit its recommendations within six months from the date of signing the agreement.

The total amount was determined according to two sets of principles:

1. Legal principles for determining the scope of property which was under private ownership of the Palestinians at the determining date (the question is how to interpret the law applying in Palestine on the determining date).
2. Economic principles for determining the financial value of the property on the determining date, and the formula for deriving the current value of the property from the original value.

⁴ The allocation of securities to the Palestinian state is intended to prevent a situation whereby a refugee who has submitted a claim on the fast track prospers on the account of another refugee who for ideological or other reasons did not submit a claim at all.

⁵ The Committees appearing in this annex were determined in the spirit of the Geneva Agreement. However, for organizational efficiency they are not identical to the Committees appointed in the agreement..

⁶ In the Geneva Agreement there are only two Funds – the International Fund and the Refugee Fund. It is recommended to replace them with the four Funds noted here.

⁷ The petition regarding the determination of status will only be submitted by those who claim that their refugee status is incorrect. It is assumed that the vast majority of refugees will not have to file such a petition.

⁸ The petition regarding the determination of status will only be submitted by those who claim that their refugee status is incorrect. It is assumed that the vast majority of refugees will not have to file such a petition.

⁹ The instructions in 37(2) and 37(3) replace the instruction of Section 7(11)(2)(II) of the Geneva Agreement, which determines that "registration with UNRWA shall be considered as an assumption that can be refuted (proof supposedly) regarding refugee status". The instruction of Section 7(11)(2)(II) is problematic for a number of reasons. Firstly, it could be understood that whosoever wanted to determine that a certain person registered with UNRWA is not a refugee, can present proof that the registration is false, and the status shall be revoked for that refugee registered with UNRWA, while the significance of such a Section should be, in our opinion, that even a person not registered with UNRWA is entitled to prove his status via other means. Secondly, the wording of the Section is not grammatical ("assumption that can be refuted regarding refugee status"). Thirdly, the Section determines rules of evidence without determining the fundamental law beforehand (we have solved this by adding in the Preliminary Section a fundamental definition of the concept "refugee").