

## Action Fiche for the West Bank and Gaza Strip

### 1. IDENTIFICATION

Title/Number	<b>Contribution to UNRWA's 2012 Regular Budget – 2<sup>nd</sup> tranche</b> <b>United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)</b> <b>(ENPI/2012/288-136)</b>		
Total cost	<b>EU contribution: EUR 11,517,150.18</b>		
Aid method / Method of implementation	Project approach – joint management with an international organisation: UNRWA		
DAC-code	43010	Sector	Multisector aid

### 2. RATIONALE

#### 2.1. Context of the Operation

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides education, health, relief and social services, microfinance, housing and infrastructural support to approximately 4.9 million registered Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. Established by the United Nations (UN) in 1949 to carry out direct relief and works programmes for Palestine refugees, the Agency began operations in 1950. In the absence of a solution to the Palestine refugee problem, the General Assembly has repeatedly renewed UNRWA's mandate.

The last few years have witnessed growing concern among the refugee community and in the region over the decline in UNRWA services. Successive funding shortages and subsequent austerity measures and cost reductions have prevented programmes from expanding in tandem with the growth in the refugee population. This has led to the reduction of ongoing programme activities and precluded certain actions which normally would be part of UNRWA's regular programme of work. It also had a direct impact on the increased class size in UNRWA schools, rising patient/staff ratios in the health services, and higher caseloads for social workers dealing with the poorest refugees.

UNRWA has more than 30,600 staff posts to cover for services provided to 4.9 million refugees. The Regular Budget, including the General Fund and in-kind contributions, is the Agency's primary means of sustaining core services. The planned amount for the Regular Budget for 2012 is USD 620 million<sup>11</sup>. According to UNRWA's projected donor-contribution estimates, a significant portion of this

<sup>11</sup> Amount relates to Total Programme Requirements and does not include other requirements (i.e. contingency reserves, salary increase reserves, separation benefits reserves, Enterprise Resource Planning (ERP) reserve, and capitalisation & depreciation reserve; totalling USD 32 million) – Source: UNRWA Programme Budget 2012-2013 – published August 2011.

budget is very likely to remain unfunded which would ultimately lead to stringent austerity measures and further cutbacks of basic services. This shortfall would not include funding for emergency appeals, programme reforms or specific projects (like Nahr el Bared)<sup>12</sup>.

The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available annually from donors; UNRWA's General Fund costs are high (85% of expenditure is allotted to its labour force of 30,600 staff). The Agency has a very limited margin for manoeuvre when it comes to making decisions over where further cost reductions can be made. Staff numbers have not been increased to reflect the increased numbers of refugees. Any cuts would have an immediate impact on the level of basic services provided.

UNRWA anticipates a financial gap of EUR 125 million<sup>13</sup> by the end of 2012. This substantial gap will result from several factors:

- The high birth rate in the refugee population having as a consequence a drop in per capita income.
- Reduced contributions from a number of donors under the impact of the financial crisis.
- The increase in commodity prices adversely affecting food aid programmes.
- The Agency has been delving into its reserves and effectively living off these in part in recent years. The reserves are gone.
- Exchange rate losses due to the Israeli Shekel gaining strength against both the Euro and the American Dollar.

## **2.2. Lessons learnt**

Since its establishment in 1950, UNRWA has become identified as the “quasi government” structure for Palestinians living in refuge in UNRWA’s fields of operation. Its mandate is to provide services to refugees which would otherwise be provided by a government body. Originally these services encompassed Relief provision and Public Works, but in order to support refugees effectively in the context of long-term political uncertainty, it has become increasingly necessary to adopt a ‘long term development’ as opposed to a ‘relief’ approach which has been committed to within the Agency's Medium Term Strategy (2010-2015). However, the importance of UNRWA’s continued assistance to refugees is about more than just its services, but marks the lack of an acceptable solution to the plight of the Palestine refugees. For this reason, attempts to change UNRWA’s role are often strongly resisted by the refugee population and by the governments of their host countries.

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<sup>12</sup> The total funding needs of UNRWA for 2012 amount to USD 1,314.5 million, out of which USD 653.1 million (including reserves) are allocated to the Regular Fund.

<sup>13</sup> According to UNRWA's International Public Sector Accounting Standards (IPSAS) Income Statement for 2012. (The United Nations System Accounting Standards (UNSAS) Income Statement's stated deficit for 2012 amounts to USD 93.5 million).

### **2.3. Complementary actions**

Continued Commission support to UNRWA is an essential element of the EU strategy for the Middle-East Peace Process. As part of this strategy the EU reaffirms its commitment to keep a close watch on the refugee issue, including during final status negotiations.

Since 1971, the EU has contributed annually to UNRWA's Regular Budget. This funding is used primarily to cover the Agency's crucial core programme services in the areas of Health, Education, and Social Services and is essentially used to pay salaries for teachers, doctors and social workers active in the refugee camps. In 2011, the EU has contributed EUR 86.46 million to UNRWA's Regular Budget. At the end of 2011 a first decision for the 2012 contribution was taken. In total, on decision of the budgetary Authority, using both 2011 and 2012 commitments, EUR 68.8 million was allocated to UNRWA's 2012 Regular Budget. As in previous years part of this assistance was "front-loaded" taking into account that other donors are not usually able to mobilise funds so early in the year.

Besides supporting UNRWA's Regular Budget, the EU has actively supported UNRWA's management reforms and continues to provide support, including EU humanitarian funding, to a number of extra-budgetary special emergency appeals and projects. In 2011, EUR 14 million was earmarked to UNRWA in response to the Agency's Emergency Appeals and in support of UNRWA's humanitarian services provided to Palestine refugees. Furthermore, EUR 26.8 million was mobilised in 2011 from the Instrument for Stability for actions aimed at improving the economic situation in the Gaza Strip through a job creating programme and for the Nahr el Bared Camp in Lebanon. UNRWA also received EUR 10 million from the European Neighbourhood and Partnership Instrument (ENPI) allocations for 2 projects in the Syrian Refugee camps and a further EUR 5 million allocation from the Food Security Budget Line to provide assistance for its Social Safety Net Programme to provide nutrition for those refugees living in absolute poverty.

In combination with contributions from EU Member States, EU overall contributions in 2010 and 2011 accounted for 45 % of the total support to UNRWA. In the last 11 years, the EU has provided over EUR 1.27 billion in support of UNRWA's work. Nevertheless, efforts at burden-sharing are beginning to bear some fruit.

UNRWA has committed itself to the concept of prioritisation, therefore it is expected that the Agency take additional steps to further prioritise services with a clear focus on the most vulnerable Palestine refugees as stipulated in UNRWA's 2010-2015 Medium Term Strategy. However, successive funding shortages and subsequent austerity measures and cost reductions have prevented programmes from expanding in tandem with the growth in the refugee population. This has led to the reduction of ongoing programme activities and precluded certain actions which normally would be part of UNRWA's regular programme of work.

The present operation takes into consideration the support UNRWA is receiving from the international community, including EU Member States. EU Member States alone provided around 33 % of their contributions to UNRWA's Regular Budget in 2011. An added element of consideration is the increased burden on the Agency imposed by the ongoing crisis in the West Bank and Gaza Strip, the demographic

growth rate of the refugee population, and cost increases due to the higher operational charges related to the movement and access restrictions imposed by Israeli authorities as well as the depletion of all reserves<sup>14</sup>.

## **2.4. Donor co-ordination**

Since 2006, the European Union has been an observer of the UNRWA Advisory Commission (AdCom)<sup>15</sup>. The AdCom forum has been the main setting thus far towards providing guidance to UNRWA especially on significant issues related to Agency's strategic direction and budget processes, as well as cultivating trust and confidence among all stakeholders including host countries, donors and the agency itself. During the period 2007-2010, the European Commission has chaired the sub-committee of the Advisory Commission which prepares the operational work of the twice-yearly meetings of the AdCom. The European Union continues to play a key role within this forum. In parallel, and since late 2010, the European Union, represented by the Office of the European Union Representative in East Jerusalem (EUREP), has initiated an EU interest group which meets on a regular basis and has allowed the European Union to exchange information on the latest developments related to UNRWA and discuss and focus on major points of concern, particularly UNRWA's budget and reform processes. This group has resulted in ensuring that the European Union has the dynamics and momentum to follow a substantially unified stance toward UNRWA with stronger recommendations pledged at UNRWA Subcommittees and Advisory Commission sessions held twice a year. Much progress has resulted from the common work and support of the EU to UNRWA.

## **3. DESCRIPTION**

The Operation will be implemented in all areas of operation, i.e. in Jordan, Lebanon, Syria, the West Bank and the Gaza Strip.

### **3.1. Objectives**

The overall objective of the Operation is to provide support to the education, health, relief and social services programmes of the UNRWA.

#### *Specific objectives*

Education programme: to provide, within the framework of the curricula prescribed by the host countries and by the Palestinian Authority, general basic education, teacher education and vocational and technical education for Palestine refugees to enhance their educational opportunities at all levels of the educational system.

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<sup>14</sup> The Agency has traditionally used its diminishing reserves towards bridging its chronic funding gaps.  
<sup>15</sup> Following the UN General Assembly's approval of its expansion in December 2005, membership consists of the following: Australia, Belgium, Canada, Denmark, Egypt, Finland, France, Germany, Ireland, Italy, Japan, Jordan (Chairperson from 1 July 2011 to 30 June 2012), Kuwait, Lebanon, Netherlands, Norway, Saudi Arabia, Spain (Vice-Chairperson from 1 July 2011 to 30 June 2012), Sweden, Switzerland, Syrian Arab Republic, Turkey, United Kingdom, United States of America. Observers are the Palestine Liberation Organisation, the European Union, and the League of Arab States.

Health programme: to protect, preserve and promote the health of the registered Palestine refugees by providing access to comprehensive, quality basic health services.

Relief and social services programme: to provide a social safety net for Palestine refugees most affected by poverty promotes the self-reliance of less advantaged members of the refugee community, especially women, children, youth and persons with disabilities.

### **3.2. Expected results and main activities**

The main result of the operation is expected to be the sustained delivery of essential public services to Palestine refugees.

The main programmes operated by UNRWA include the following activities:

#### *Education Programme*

Education services are currently provided through 700 UNRWA elementary, preparatory and secondary schools<sup>16</sup> and ten vocational training centres (in Jordan, Lebanon, Syria, the West Bank and the Gaza Strip) staffed by more than 22,904 teachers and attended by around 482,795 pupils.

In the West Bank and Gaza Strip, the education system as a whole has been severely disrupted by the armed conflict, curfews, closures and access problems since the Intifada. Working conditions for teachers have deteriorated, which has an impact in the staff morale and the difficulty to recruit and retain competent staff.

UNRWA's objectives for the medium term focus on improving the quality of education and ensuring access for all Palestine refugee's children, including those with special educational needs. A comprehensive review of UNRWA's approach to education took place in 2009 and its findings have been shared within the forum of the UNRWA Advisory Commission with host and donors in 2010<sup>17</sup>. Based on this review, measures to enhance the quality of services will be reflected in the Agency's future reform action plans for the upcoming years.

#### *Health Programme*

UNRWA's health programme is community-based, with the emphasis placed on primary health care and with a very selective use of hospital services. Approximately 3 million refugees (66% of UNRWA registered refugees) make use of UNRWA health facilities. Primary care is provided through UNRWA's own 137 facilities, serving approximately 9.5 million patient visits per year. Secondary care is provided through contractual arrangements with governmental or non-governmental hospitals or through partial reimbursement of the costs of treatment. Two thirds of the refugee population consist of women of reproductive age and children below 15 years of age,

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<sup>16</sup> Secondary schools (6) in Lebanon only.

<sup>17</sup> Comprehensive reviews have also been carried out for relief and social services, as well as, the health programmes. The reviews served as impetus for ongoing quality enhancement plans and are currently reflected in the Agency's plans towards sustaining change and reforms within UNRWA.

thus making maternal and child health, including family planning services, a priority area.

The quality of service delivery is affected by the excessive workloads borne by Agency staff (e.g. agency-wide average of 96 consultations per doctor per day), chronic staff shortages and difficulties in attracting and retaining qualified staff, deteriorating health infrastructure and outdated equipment as a result of under investment. The cost of medical supplies and hospital care is also rising. UNRWA aims at reinforcing the staffing of the existing facilities, establishing new ones and renovating and updating existing facilities and medical equipment.

Water, sanitation and environmental conditions are poor, particularly in Gaza, the West Bank and Lebanon. For this reason, the Agency is working to improve the environmental conditions in the camps in co-ordination with local authorities with special emphasis on wastewater disposal and solid waste management.

Refugees face the threat of resurging and newly emerging infectious diseases; increased morbidity and mortality from non-communicable diseases; mental and psychological problems; and high prevalence of micronutrient deficiencies. This is leading the Agency to introduce new programmes (mental health, psychosocial counselling) as well as putting in place an active intervention strategy for surveillance, prevention, early detection and management of these diseases in an effort to avoid the high cost of treating their complications/disabling effects at the secondary/tertiary care levels.

#### *Relief and Social Services*

The Agency provides eligible refugees with a range of services including food support, shelter rehabilitation, and selective cash assistance for Special Hardship Cases (SHCs). Over 288,400 persons are currently benefiting from the cyclical assistance under this Special Hardship Case programme. This assistance is primarily directed to families headed by women, families without a male adult medically fit to earn an income and to the elderly who can not support themselves.

Moreover, community support services encourages self-reliance in the refugee community through poverty alleviation schemes, and community-based, locally-managed institutions and services concerned with women and development, the rehabilitation and integration of refugees with disabilities, children and youth activities and leadership training. One of these services, the Microcredit Community Support Programme, provides small loans to over 20,000 refugees through group guaranteed lending and individual loan programmes.

### **3.3. Risks and assumptions**

The risk that the political environment will deteriorate to an extent that will significantly affect UNRWA's operations was taken into consideration. With the Gaza Strip subject to a blockade by Israel, areas of the West Bank subject to closure without warning and the unrest in the Arab World in general and in Syria in particular being a concern, UNRWA is effectively the only organisation which can ensure delivery in these conditions.

Any military operations in the region could have unpredictable consequences and might threaten the operation.

### **3.4. Cross-cutting issues**

Good governance is integrated through the ongoing reform of UNRWA administration and management. Since the Geneva Conference in 2004, UNRWA has engaged in a process of internal reform. The Organisational and Development Process has concentrated on reforming UNRWA's organisation design, management capacity and approach for achieving improved service delivery. The latter is currently being addressed through the Agency's new phase of programmatic reforms. In addition, UNRWA has developed its Medium Term Strategy (2010-2015). As a key theme within this strategy, the Agency is committed to ensure that its gender equality policy, adopted in 2007, is implemented. In particular, gender analysis that highlights the specific needs of men, women, boys and girls in different contexts leading to appropriate follow up interventions, is becoming a routine part of UNRWA's programming. Moreover, in responding to UN commitments on climate change, UNRWA has been putting in place an Environmental Management Framework (EMF) that will guide intensified efforts to both minimise the negative environmental impacts caused by the Agency, and optimise – as far as possible – opportunities to create environmental benefits.

### **3.5. Stakeholders**

The direct beneficiary of the action is the Palestine refugee population in UNRWA's five fields of operations. Naturally, UNRWA, as well as all donors and host countries supporting UNRWA are also key stakeholders.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

Joint management through the signature of an agreement with UNRWA, the UN Agency mandated to provide services to Palestine refugees, in accordance with Article 53d of the Financial Regulation. UNRWA complies with the criteria provided for in the applicable Financial Regulation and is covered by the Financial and Administrative Framework Agreement (FAFA) concluded between the UN and the Commission. Within this framework, a Standard Contribution Agreement with UNRWA will be signed towards implementing the foreseen action.

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by UNRWA.

### 4.3. Indicative budget and calendar

The total EU financial contribution to the operation amounts to **EUR 11,517,150.18**.

The foreseen operational duration towards implementation of the operation is for a maximum period of 4 months<sup>18</sup> as from signature of the planned Contribution Agreement. The final date of operational duration being imperatively 31 December 2012.

### 4.4. General monitoring of UNRWA performance

Since 2007, the European Commission has relied on external independent consultants to assess the performance of UNRWA's main operations. The review, conducted on an annual basis, has been based on a predefined set of result-based indicators and targets, as well as specific milestones identified to monitor the implementation of the Organisation Development process.

In 2010, the Agency embarked on an initiative to create a unified reporting framework aligned with UNRWA's Medium Terms Strategy (2010-2015) and Field and Headquarters Implementation Plans. The initiative sought to generate a standardised methodology with a set of indicators for reporting out to donors encompassing reporting timeframes, template and quantitative and qualitative information required.

A harmonised reporting approach would eventually result in reduced transactions costs and better quality of reporting to respective donors. Alignment of reporting would also reflect best practice discussions and recommendations formulated among UNRWA, donors and the evaluation consultants, in addition to established principles in global forums and studies such as the Paris Declaration<sup>19</sup> and the High Level Committee on Management (HCLM) Results Reporting Study<sup>20</sup>.

A unified reporting framework aligned with UNRWA's strategy will strengthen the reporting process through the following:

- (a) Use of the Common Monitoring Framework derived from Field Implementation Plans to formulate a robust basket of indicators;
- (b) Incorporating donor 'core' or legislatively required indicators to the basket of indicators already in place;
- (c) Applying a results- analysis methodology for each indicator and, where possible, disaggregating the Agency achievement by Field Office or gender;
- (d) Using one template and a set periodicity.

In April 2011, the Agency published the first Harmonised UNRWA-Donor Monitoring and Evaluation Matrix for the period ended December 31, 2010.

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<sup>18</sup> Dependent on when the Decision is taken and when the Contribution Agreement is available for signature.

<sup>19</sup> <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

<sup>20</sup> United Nations Development Group (UNDG)-HLCM Joint Study, *Common Principles of Results Reporting*, Final Report, 15 July 2011.



Internally, the results aggregation and qualitative analysis were consistent and well communicated. However, the process encountered a few challenges: mainly the volume of indicators, the unique nature of some of the indicators (i.e. field specific) and, due to the implementation of transformational changes in some programmes, a number of indicators were not reportable (e.g. monitoring learning achievement testing). The Matrix continues to be under review by the UK Department for International Development (DFID) and the EU in order to use it as the primary vehicle for performance reporting.

The institutionalised monitoring and evaluation capacities, frameworks and functions and the Agency's overall management of the Monitoring and Evaluation tools within the Department of Internal Oversight Services<sup>21</sup> have been deemed adequate to ensure coherent, accurate, and analytical reporting to UNRWA's management, donors and hosts; both on impact and results.

Over the past year, comments received from donors included the need to incorporate more indicators on efficiency, effectiveness and processes. The Agency is currently revising its Monitoring and Evaluation Matrix<sup>22</sup> in close co-ordination with major donors including UK, US, Australia and the EU. A final version of the Matrix will be presented to donors during the first semester of 2012. Within the forum of UNRWA Advisory Commission (AdCom), members have welcomed UNRWA's effort to consolidate and improve the quality and consistency of monitoring and external reporting and encouraged further discussion on the Donor Harmonised Framework in 2012 with the objective of a common understanding and acknowledgement of this monitoring process for the two years to come (i.e. 2012-2013).

#### **4.5. Evaluation and audit**

As this contribution agreement will be concluded with UNRWA under joint management, the financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of the Organisation.

#### **4.6. Communication and visibility**

In accordance with the visibility provisions under the EU-UN Financial and Administrative Framework Agreement (FAFA) and with the EU-UN Joint Action Plan on Visibility signed in September 2006, the EU and the implementing organisations will work together to ensure appropriate visibility actions for the programme as a whole, as well as for specific interventions and activities under the programme.

Standards regarding visibility will be derived from the "Communication and Visibility Manual for EU External Actions"<sup>23</sup>.

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<sup>21</sup> The Evaluation function was transferred to the Agency's Department of Internal Oversight Services (DIOS) by UNRWA's Commissioner General in January, 2010.

<sup>22</sup> An updated common monitoring framework is being drafted from Field Implementation Plans for the 2012-13 biennium plan period. The revised Monitoring and Evaluation Matrix will reflect adjustments from an improved basket of indicators and from feedback received internally and externally from within UNRWA, and from the USA, Australian Aid (AusAid), DFID and the EU.

<sup>23</sup> [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm).

Adequate communication and visibility will be ensured by the EU Delegation's monitoring of the adherence to the 2012 EU-UNRWA Communications and Visibility Plan. This plan is aimed at drawing attention to the ongoing partnership between the EU and UNRWA and the EU's support for Palestine refugees.