

Action Fiche for the occupied Palestinian territory (West Bank and Gaza Strip)**1. IDENTIFICATION**

Title/Number	Contribution to UNRWA's 2013 Regular Budget - Part I		
Total cost	EU contribution: EUR 40 million maximum		
Aid method / Method of implementation	Project approach – joint management with an international organisation - European Commission-UN Financial and Administrative Framework Agreement (FAFA) Implementing organisation: United Nations Relief and Works Agency for Palestine Refugees (UNRWA)		
DAC-code	72010	Sector	Material relief assistance and services

2. RATIONALE**2.1. Sector context**

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 5 million registered Palestine refugees in Jordan, Lebanon, Syria, the West Bank and the Gaza Strip. Established by the 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 on-going 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 5 million refugees. The Regular Budget, including the General Fund and in-kind contributions, is the Agency's primary means of sustaining core services. According to UNRWA's projected donor-contribution estimates, there will be a shortfall of USD 57.5 million (c. EUR 44 million) in this budget, leading ultimately to stringent austerity measures and further cutbacks of basic services, and possibly to UNRWA being unable to fully meet its personnel costs for December 2012. In order to alleviate this situation, the European Union made available EUR 11.5 million in the latter part of 2012, in addition to the initial EUR 80 million allocation from European Neighbourhood and Partnership Instrument (ENPI) funds. This shortfall would not include funding for

emergency appeals, organisational development or specific projects (like Nahr El-Bared or those assisting Syrian refugees).

The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available annually from donors while UNRWA's General Fund costs are highly fixed (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.

This substantial anticipated gap is due to several factors:

- The high birth rate in the refugee population means that, even if fundings were maintained or even slightly increased, per capita income would drop.
- Reduced donations from a number of donors under the impact of the financial crisis.
- The increase in commodity prices has adversely affected its food aid programme.
- The Agency has been delving into its reserves and effectively living off these in part in recent years. The reserves are gone.
- The situation has been aggravated by exchange rate losses. The Israeli Shekel has gained strength against both the Euro and the US Dollar.
- The situation in Syria has increased the demand for relief services from Palestinian refugees affected by the on-going conflict.

In combination with contributions from EU Member States, EU overall contributions in 2011 accounted for 47% of the total support to UNRWA. The EU has been a strong supporter of UNRWA since 1971, becoming in time its largest donor. Since the year 2000, the EU has provided over EUR 1.4 billion in support of UNRWA's work. Nevertheless, efforts at burden-sharing are beginning to bear some fruit, with Brazil and Saudi Arabia making their first-ever contributions to the General Fund.

2.2. Rationale of the intervention

Continued EU support to UNRWA is an essential element of the EU strategy for the Middle-East Peace Process. One of the key elements of this strategy is to confirm the EU 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. Moreover, 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 on-going programme activities and precluded certain actions which normally would be part of UNRWA's regular programme of work.

The present contribution agreement takes into consideration the support UNRWA is receiving from the international community, including EU Member States (EU Member States 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 on-going 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 reserves¹.

It is expected that contributions from EU Member States and other donors will be made available during the implementation period to complement the proposed funds. Fluctuations in the exchange rate may have an impact on funding needs.

3. DESCRIPTION

3.1. Objectives

The overall objective of the Operation is to provide support to sustain essential basic services within the UNRWA's 2013 Regular Budget (education, health, relief and social services, infrastructure/camp improvement programmes, and support departments).

The specific objectives are:

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.

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.

Infrastructure/camp improvement programme: to improve the living conditions of Palestine refugees by efficiently providing adequate physical and social infrastructure.

¹ The Agency has traditionally used its diminishing reserves towards bridging its chronic funding gaps.

Support departments: to effectively manage personnel and resources, internal communication, legal support, policy analysis and advice, resource mobilisation, advocacy and outreach to external interlocutors, and reforms.

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.

Within the Agency's Regular Budget, the main programmes operated by UNRWA include the following activities:

Education programme

Education services are currently provided through around 700 UNRWA elementary, preparatory and secondary schools² and ten vocational training centres (in Jordan, Syria, Lebanon, the West Bank and the Gaza strip) staffed by more than 21,000 teachers and attended by around 480,000 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 2010³. Based on this review, measures to enhance the quality of services are being reflected in the Agency's reform action plans.

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

² Secondary schools (6) in Lebanon only.

³ Comprehensive reviews have also been carried out for relief and social services, as well as, the health programmes. The reviews have served as impetus for quality enhancement plans and are reflected in the Agency's on-going plans towards sustaining change and reforms within UNRWA.

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) and 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, Lebanon and in Jerash Camp in Jordan. For this reason, the Agency is working to improve the environmental conditions in the camps in co-ordination with local authorities and 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 programme

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 cannot 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.

Infrastructure/camp improvement programme

The programme improves the quality of life for camp residents living in substandard habitat. The programme ensures that all UNRWA facilities are efficiently planned, designed, constructed and maintained in order to meet the physical infrastructure needs of both the Palestine refugees and the Agency.

Support department services

Support services provided by the Commissioner General's Office, Administrative Services, Human Resource, Finance, Legal Affairs, Internal Oversight services, and External Relations and Communications departments ensure that best possible

standards of management are promoted and sustained, enhance stakeholder relations, and provide necessary support to the Agency in carrying out its mandate and delivering quality programmes to Palestine refugees.

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 on-going 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. Method of implementation

The programme will be implemented through joint management through the signature of contribution 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 European Commission.

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 delegated body under, respectively, decentralised, joint or indirect centralised management.

4.2. Procurement and grant award procedures

For agreements with international organisations, 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 40 million.

The foreseen operational duration towards the implementation of the operation is for a maximum of 12 months, the final date of operational duration being imperatively 31 December 2013.

4.4. Performance monitoring

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,⁴ in addition to established principles in global forums and studies such as the Paris Declaration⁵ and the High Level Committee on Management Results Reporting Study⁶.

⁴ Refer to 2009 review of UNRWA Programmes funded by the European Commission and to the European Commission UNRWA Joint Review dated January 20, 2010, Framework for Co-operation between UNRWA and the United States of America, 2010 and Review of Statistical and Reporting Processes in UNRWA, 2010.

⁵ <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

⁶ United Nations Development Group (UNDG)-HLCM Joint Study, *Common Principles of Results Reporting*, Final Report, 15 July 2011.

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; and
- (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. 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 programs, a number of indicators were not reportable (e.g., monitoring learning achievement testing). The Matrix continues to be under review by the 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 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 include more indicators on efficiency, effectiveness and processes. The Agency has revised its Monitoring and Evaluation Matrix in close co-ordination with major donors including Australian Aid, the EU, the United Kingdom and the United States. 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 2012/2013 with the objective of a common understanding and acknowledgement of this monitoring process for the period 2012-2013. The harmonised UNRWA-Donor Report (2012-13) will serve as the primary performance monitoring tool for the planned contribution agreement foreseen within the framework of this Decision.

4.5. Evaluation and audit

As the foreseen 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”⁷.

Adequate communication and visibility will be ensured by the EU Delegation's monitoring of the adherence to the 2013 EU-UNRWA Communications and Visibility Plan. This plan is aimed at drawing attention to the on-going partnership between the EU and UNRWA and the EU's support for Palestine refugees.

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http://ec.europa.eu/europeaid/work/visibility/index_en.htm.