

Action Fiche

1. ARTICLE IDENTIFICATION

Title	Additional contribution to the Temporary International Mechanism – Window 3 (Payments of Social Allowances)		
Total cost	€50 million maximum (EC Contribution)		
Aid Method	Project approach – Centralised Management		
DAC-code	72010	Sector	Emergency/distress relief

2. DESCRIPTION

2.1. Objectives

The objective of TIM- Window 3 (Payment of Social Allowances) is to mitigate the deteriorating conditions resulting from the ongoing conflict and the subsequent economic and political crisis. This is being achieved by injecting liquidity into the economy via the direct payment of social allowances to eligible individuals.

Since June 2006, the Commission has already provided €122.5 million of support to Window 3, including €65 million from the 2007 allocation for West Bank and the Gaza Strip. Member States have already contributed €9.49 million and Norway €5.95 million.

2.2. Expected results and main activities

The payment of social allowances through the TIM will have a direct impact on the lives of the Palestinian people by contributing to the continued provision of essential public services and by injecting money into the economy through the direct payment of social allowances.

Under the TIM, a payment mechanism has been established which consists of EC and donor bank accounts. A Management Unit, staffed by EC officials and Member States experts, is in charge of the management in close co-ordination with the Consultative Group and with the President's Office. President's Office staff, supported with technical assistance, contributes to the implementation of the mechanism to ensure effective and efficient provision of information to the Management Unit.

The EC assumes responsibility for the Management Unit with Member States and other donors contributing staff and financial resources. The Management Unit liaises with the President's Office concerning eligible expenditures; organises and manages the process of validation, certification, audit and payments; is responsible for validating payments to be made by individual donors; and chairs the Consultative Group.

The Consultative Group consists of representatives of the Quartet, contributing donors, the World Bank and the IMF. The Management Unit reports regularly to contributing donors and informs the Consultative Group on the implementation of the fund.

2.3. Stakeholders

The direct beneficiary of the action is the Palestinian population.

The beneficiaries are identified through a system based on strict and objective criteria set by the European Commission and based upon requests and information provided by the Office of the President of the Palestinian Authority. In addition, the scheme meets the highest transparency and accountability criteria as required by the Quartet and other donors contributing to the mechanism.

The Office of the President is the sole interface and a key partner in the implementation of the project; the Office of the President benefits from capacity building to strengthen its role. All donors that are supporting the mechanism are also key stakeholders.

2.4. Risks and assumptions

The mechanism has been operating effectively for over nine months in cooperation with the President's Office who has been acting as the sole interface for the project. This cooperation needs to be maintained.

2.5. Conditionalities

Given this is essentially an emergency support operation there are no specific conditions.

2.6. Crosscutting issues

Good governance principles are applied in the implementation mechanisms.

3. IMPLEMENTATION ISSUES

TIM- Window 3 will continue to be implemented through centralised management.

Under the programme, a Management Unit comprised of EC officials and Member States experts and consultants, has been created which is in charge of the management and the implementation of the funds, in close co-ordination with the Office of the President. The EC is responsible for the Management Unit in co-ordination with other donors and international organisations. The Management Unit organises and manages the process of validation, control, payment and audit.

The funds allocated for operational support, technical assistance, capacity building, monitoring, evaluation and audit have already been secured through other financing decisions from the EC budget and through other donors.

The West Bank and Gaza are territories facing a crisis, as defined in Article 168(2) of the Implementing Rules of the Financial Regulation. As a result negotiated contracting procedures will be used when necessary.

A Memorandum of Understanding has been signed with the Office of the President of the Palestinian Authority to implement the contributions through this Window. The total amount of the action will be channelled through a designated TIM-MU Imprest Account following the Commission decision. All payments are being made directly to beneficiaries through an international bank and no Community funds pass via the PA government. Each new contribution to the Window 3 will be communicated to the OoP through an exchange of letters.

3.1. Budget and calendar

The maximum contribution to the Windows 3 of the TIM under this decision is €50 million. This contribution will cover the needs of the TIM until the end of June 2007.

TIM's mandate will be reviewed by Member States in consultation with the Quartet.

3.2. Procurement and award of grants procedures

There are no procurement or grant actions envisaged under this decision.

3.3. Performance monitoring

Commission services will be responsible for the day to day monitoring of the programme in close coordination with other donors. The Consultative Group will also monitor and provide advice on implementation on the basis of information provided by the Management Unit.

3.4. Evaluation and audit

An evaluation of TIM activities to analyse the impact, effectiveness, efficiency and relevance of the operations will be carried out shortly.

As well as audits of eligible expenditures to identify and validate payments, the Management Unit will organise a general ex-post audit of the programme in accordance with international standards with a view to providing the maximum level of assurance. Donors as well as members of the Consultative Group will be invited to participate. In addition, contributing donors may carry out ex-post audits of expenditures covered by their payments.