

## ANNEX II

### Action Fiche for the Occupied Palestinian Territory (West Bank and Gaza Strip)

#### 1. DESCRIPTION OF THE OPERATION

Beneficiaries:	Palestine refugees in Jordan, Lebanon, Syria, the West Bank and the Gaza Strip
Implementing Organisation:	United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)
Operation title:	Contribution to UNRWA's 2012 Regular Budget
Amount	EU contribution: EUR 55.438.130,-
Implementing Method	Project approach – joint management with an international organisation - European Commission - UN Financial and Administrative Framework Agreement (FAFA)

#### 2. CONTEXT AND DESCRIPTION OF THE OPERATION

##### 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 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 nearly 5 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 2011 is USD 591 million. According to UNRWA's projected donor-contribution estimates, a significant portion of this 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, organisational development or specific projects (like Nahr El-Bared).

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.

UNRWA anticipates a financial gap of EUR 39 million by the end of 2011. This substantial anticipated gap is due to several factors:

- The high birth rate in the refugee population means that, even if funding 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 Dollar.

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. In the last 10 years, the EU has provided over EUR 1.2 billion in support of UNRWA's work. Nevertheless, efforts at burden-sharing are beginning to bear some fruit.

### **3. RATIONALE OF THE INTERVENTION**

Continued Commission 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 prioritization, 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 contribution agreement takes into consideration the support UNRWA is receiving from the international community, including EU Member States (EU Member States provided around 25% of their contributions to UNRWA's Regular Budget in 2009). 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>1</sup>.

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. While it is anticipated that payment will be made in early 2012, should the availability of payment credits so allow and subject to the adoption of Amending Budget 6/2011 by the Budgetary Authority, part of the amount [maximum: EUR 15,438.130,-] may be paid in 2011.

### 3.1. Overall objectives

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

### 3.2. 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.

**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.

**2012 Gaza Summer Games:** A maximum of EUR 1 million may be used to finance the Summer Games for children in Gaza, which provide a much-needed source of

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<sup>1</sup> The Agency has traditionally used its diminishing reserves towards bridging its chronic funding gaps.

entertainment and relaxation for the youth of the Gaza Strip as well as providing an alternative to activities proposed by radical political groups.

### **3.3. Expected results**

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

### **3.4. Activities**

The main programmes operated by UNRWA include the following activities:

#### *3.4.1. Education Programme*

Education services are currently provided through 689 UNRWA elementary, preparatory and secondary schools<sup>2</sup> 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 2010<sup>3</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.

#### *3.4.2. 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.

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

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<sup>2</sup> Secondary schools (6) in Lebanon only.

<sup>3</sup> Comprehensive reviews have also been carried out for relief and social services, as well as, the health programmes. The reviews will serve as impetus for future quality enhancement plans and reflected in the Agency's plans towards sustaining change and reforms within UNRWA.

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 coordination 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.

#### *3.4.3. 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 263,000 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.

## **4. DURATION AND LOCATION OF THE OPERATION**

### **4.1. Duration of the operation**

The overall Operation has an implementation period of 12 months.

### **4.2. Location of the operation**

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

## **5. IMPLEMENTATION ISSUES**

### **5.1. Implementation method**

The programme will be implemented through joint management through the signature of contribution agreement with UNRWA and within the framework of the European Commission - UN Financial and Administrative Framework Agreement (FAFA).

### **5.2. 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 the international organisation concerned.

## **6. 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 standardized methodology with a set of indicators for reporting out to donors encompassing reporting timeframes, template and quantitative and qualitative information required.

A harmonized 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,<sup>4</sup> in addition to established principles in global forums and studies such as the Paris Declaration<sup>5</sup> and the High Level Committee on Management Results Reporting Study<sup>6</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;

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<sup>4</sup> 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.

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

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

- (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 Harmonized 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 is currently revising its Monitoring and Evaluation Matrix in close coordination with major donors including the United Kingdom, the United States, Australian Aid and the EU. The Agency is expected to present a final version of the Matrix by November 2011 within the forum of UNRWA Advisory Commission. Once acknowledged, the Matrix will serve as the primary performance monitoring tool for the planned contribution agreement foreseen within the framework of this decision.