

ANNEX I

ACTION FICHE FOR THE OCCUPIED PALESTINIAN TERRITORY

1. IDENTIFICATION

Title/Number	PEGASE : Support to Recurrent Expenditures of the PA		
Total cost	EUR 168 million maximum		
Aid method / Method of implementation	Project approach – direct centralised management		
DAC-code	16010	Sector	Social/welfare services

2. RATIONALE

2.1. Sector context

PEGASE provides direct financial support for the Palestinian Reform and Development Plan (PRDP) and is helping to sustain the Palestinian Authority's (PA) efforts in the four PRDP key sectors of governance, social development, economic and private sector development and public infrastructure.

The PRDP, presented by the Palestinian Authority for a three-year term (2008-2010), received an unprecedented level of external support, although the funds pledged for direct financial support are not sufficient to cover the PA's financial gap foreseen for 2008-2010.

Recent developments highlight the continued importance of the contribution of PEGASE direct financial support: payments to vulnerable Palestinian families, civil servants and pensioners, and the provision of fuel to the Gaza power plant for the production of electricity, and support to the private sector through the reimbursement of arrears due by the PA.

The funds provided under PEGASE from the EC budget for recurrent expenditures (EUR 216 million) have been complemented with funds from EU Member States (EUR 106 million to PEGASE Direct Financial Support). Further contributions are expected for 2009, for all components of PEGASE direct financial support. Contacts for additional support from other potential donors (also non-EU) are ongoing.

Other donors are also providing support for direct financial assistance through other channels, including directly to the PA budget or via the World Bank Trust Fund. So far these contributions amount to over USD 425 million (EUR 319 million).

Important efforts have been made by Commissioner Ferrero-Waldner to encourage other donors to deliver on their Paris pledges and to reallocate funds towards direct financial support, the highest priority of the PA.

2.2. Lessons learnt

Actions under PEGASE build upon the successful experience of the Temporary International Mechanism in 2006 and 2007. PEGASE is implemented in full coordination with Palestinian partners and in full cooperation and transparency with EU Member States, the European Parliament and other donors.

An interim independent external evaluation of the TIM was launched in May 2007 covering all activities since the beginning of TIM in June 2006 to the end of June 2007. The main conclusions of the evaluation stated that TIM has been an innovative instrument, capable, in a difficult and complicated environment, to quickly mobilise resources from donors and to target them efficiently at the neediest. At the same time high standards of transparency and accountability were ensured through rigorous fiduciary, control and verification procedures. It also noted that TIM was viewed positively and as directly improving living conditions for a large part of the Palestinian population. The overall efficiency of TIM was the most appreciated feature. A final evaluation and audit of TIM are currently being finalised and results will feed into the implementation of PEGASE.

2.3. Complementary actions

Support to direct financial support has also been provided by other donors either through PEGASE, directly to the Palestinian Authority or via the World Bank. At the Paris donor conference in December 2007 donors made pledges in support of the PRDP. Most donors are fulfilling their pledges. So far, the Palestinian Authority has received commitments for over USD 1.53 billion (EUR 1.21 billion) in 2008 in direct financial support, out of which USD 1.2 billion (EUR 0.9 billion) have already been disbursed.

In 2008 an amount of EUR 340 million of EU funding under ENPI is made available for the occupied Palestinian territory. So far most of the funds (EUR 216 million) are allocated for direct financial support under PEGASE recurrent expenditure¹, infrastructure projects (EUR 37 million) and Institution Building projects (EUR 14 million) in support of PRDP programmes, while the remaining amount was allocated to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (EUR 71 million) and East Jerusalem initiatives (EUR 2 million).

In addition to funds under ENPI, other EC contributions for the benefit of the Palestinian population are implemented through thematic programmes including International NGOs as well as by the humanitarian and food aid programmes of ECHO. ECHO committed EUR 72.36 million in 2008 for humanitarian actions in favour of the Palestinian population and refugees. Support is also provided to the refugee population through UNRWA, which is also the object of this decision (see annexes II and III).

¹ An additional EUR 42 million are currently under adoption procedure, which includes a EUR 1 million contribution from Austria.

2.4. Donor coordination

Local donor co-ordination has been streamlined in accordance with the conclusions of the AHLC meeting held 14 December 2005 in London following a proposal by the Commission, the World Bank and Norway to reform the Aid Management Structures. The Commission continues to play a leading role in these structures at all levels, as well as in local EU MS co-ordination. Complementarity and coordination with other EC actions are assured through regular coordination meetings at Headquarters and daily contacts between ECHO and RELEX/AIDCO staff working in the ECTAO in East Jerusalem.

3. DESCRIPTION

3.1. Objectives

The objective of this action to be implemented through PEGASE is to support the Palestinian Reform and Development Agenda by helping the PA to:

- finance its budget deficit and implement its public finance reform;
- meet its obligations towards civil employees, pensioners and vulnerable sectors of Palestinian society;
- maintain the functioning of the administration and the provision of essential public services to the population;

3.2. Expected results and main activities

Three categories of public expenditure will be eligible for support under this action, for a total amount of EUR 168 million:

Component 1: Supporting Palestinian administration and services

PEGASE will make available a regular contribution to the payment of salaries and pensions to the PA civil servants in the West Bank and the Gaza strip. The objective of this activity is to help the PA meet its financial obligations towards civil employees and pensioners. The regular contribution to the funding of the wages expenditure for civil servants reinforces the PA's public finance management and public finance reform implementation. At the same time, it allows the administration to function and thereby to provide services to the Palestinians in the West Bank and Gaza.

Component 2: Supporting the Palestinian social protection system

PEGASE will make available at regular intervals direct financial support to vulnerable families in the West Bank and the Gaza strip. The objective of this activity is to ensure the continued assistance to poor and vulnerable Palestinian families dependent on financial aid from the PA. This activity reinforces the reform of the social protection system and improves PA public finances by reducing pressure on the budget by reducing expenditure through the coverage of allowances

due to the beneficiaries of the Ministry of Social Affairs' (MoSA) cash support programme.

Component 3: Supporting the provision of essential public services

The objective of this activity is to help the Palestinian Authority ensure the continued provision of essential public services for the benefit of ordinary Palestinians. In particular, the fuel deliveries to the Gaza Power Generating Company (GPGC) will be funded under this component. This ensures the continued provision of electricity to households, schools, hospitals and public services in the area. The reimbursement of the costs of other public services, for example, health referral costs etc. is also foreseen.

3.3. Risks and assumptions

Variations in the price of fuel and fluctuations in the exchange rate may have an impact on funding that donors can make available.

It is expected that contributions from Member States and other donors will be made available during the implementation period to complement the proposed funds.

The above-mentioned operations are based on full co-operation with the Palestinian Authority. This cooperation needs to be maintained, in particular for the identification of eligible beneficiaries and timing of payments and for the identification of eligible expenditure.

All actions under this special measure require that no additional restrictions are imposed by the Israeli Government, for example on the delivery of fuel into the Gaza Strip, or on financial transactions, including transfer of funds between the West Bank and Gaza.

If the Agreement on Movement and Access is gradually implemented following negotiations post-Annapolis, PEGASE can be a powerful instrument at the disposal of the PA government, of Europe and of the International Community, to mobilise resources thus contributing to the successful recovery of the Palestinian economy and the construction of a viable Palestinian State based on peaceful co-existence and prosperity.

3.4. Cross-cutting Issues

Good governance principles are applied to the implementation mechanism.

3.5. Stakeholders

The direct beneficiary of the action is the Palestinian population.

Eligible beneficiaries and expenses 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 Palestinian Authority.

PEGASE will be implemented in close co-operation and full partnership with the Prime Minister's Office, the Ministry of Finance and the technical Ministries and other Departments and Agencies of the PA.

PEGASE will be coordinated locally with the EU Member States, other international donors and International Organisations. In order to do so, full use will be made of the existing local coordination groups already in place in liaison with the PA administration and the Office of the Quartet Special Representative like the Local Development Forum, the AHLC structures, the coordination meeting between Member States and the EC Delegation etc.

All donors supporting the mechanism will also be key stakeholders.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

This project will be financed under a financing agreement signed with the PA Ministry of Finance. Direct centralised management will be applied for all components.

PEGASE will be implemented by the Commission through the EC Representation Office in East Jerusalem, in close coordination with Member States officials and with the Palestinian Authority.

Disbursements will be made by the Commission either directly to the benefit of Palestinian Authority suppliers or to the Palestinian Authority following eligibility checks and verification and control procedures by external experts and international audit firms. These modalities have already been implemented through the earlier TIM mechanism.

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 the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation 1638/2006.

The West Bank and the Gaza strip 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 or direct award for grant contracts may be used in accordance with applicable provisions.

4.3. Budget and calendar

The maximum contribution to PEGASE – Support to Recurrent Expenditures under this decision is EUR 168 million. The contribution is indicatively distributed as follows:

Component 1: Supporting Palestinian administration and services (EUR 108 million)

Component 2: Supporting the Palestinian social protection system (EUR 6 million)

Component 3: Supporting the provision of essential public services (EUR 54 million)

This estimate assumes that other donors will make considerable contributions to each of the components, in particular to component 2.

PEGASE runs for a 3 year period in line with the PRDP, covering the financial years of 2008, 2009 and 2010. The period of implementation of the current action is 24 months. The funds under this decision are expected to be disbursed in 2009.

Funds for the necessary technical assistance, evaluation, audit and visibility actions have already been made available under previous decisions.

4.4. Performance monitoring

PEGASE will continue to implement a comprehensive monitoring, verification and control system to provide reassurance over the use of their funds, and the efficient and effective provision of support to the Palestinian administration and population while fully protecting donor interests.

Monitoring arrangements also include reviews to take stock of other donor contributions, reviews by the World Bank on reform progress, reviews by the IMF on budget execution as well as other relevant political developments.

Payments will be executed in accordance with EC regulations. A sophisticated and uniform financial reporting system is in place and will continue to be implemented, giving detailed information on all operations processed. Individual beneficiaries as well as businesses will be uniformly checked against international sanctions lists.

4.5. Evaluation and audit

Financial experts and qualified auditors will work for PEGASE which will be complemented by EC and Member States specialists and international or local experts.

Advanced monitoring, control and audit systems are set up for all of PEGASE's activities. All donors participating in PEGASE have full access to the corresponding monitoring and audit reports on the basis of which their contributions are disbursed.

As well as audits of eligible expenditures to identify and validate payments, the PEGASE team 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 will be invited to participate. In addition, contributing donors may carry out ex-post audits of expenditures covered by their payments.

In addition, a mid-term evaluation report of PEGASE will be issued in mid-2009 and a comprehensive final evaluation report will be undertaken by the end of 2010.

4.6. Communication and visibility

The action will follow the visibility guidelines of the Commission. It is intended to reinforce the Commission's efforts to consolidate recognition for its unprecedented efforts from 2006 to 2008 and to highlight the evolution to PEGASE with the emphasis on moving from emergency to development assistance. This will be done in close co-ordination with the Member States.

Progress of PEGASE implementation will be communicated regularly to all stakeholders, including through a weekly bulletin.

ANNEX II

ACTION FICHE FOR OCCUPIED PALESTINIAN TERRITORY

1. IDENTIFICATION

Title	UNRWA: 2009 Support to the Organisational Development Plan		
Total cost	EUR 1 million		
Aid method / Management mode	Project approach – joint management with an international organisation		
DAC-code	72030	Sector	Aid to refugees

2. RATIONALE

2.1. Sector context

UNWRA's mission is to help Palestine refugees achieve their full potential in human development terms under the difficult circumstances in which they live

UNRWA's Agency-wide Organisational Development (OD) plan was established in following-up the Geneva Conference held in June 2004. This conference identified how improvements could be made in the responsiveness, effectiveness and efficiency of the Agency's operations in providing high-quality services for Palestinian refugees, consistent with UN and regional standards. Launched in January 2007, the OD reform process is designed to strengthen the Agency's capacity to serve Palestine refugees. The plan for 2007 focussed on implementation planning, foundation-building and fundraising. 2008 has been designated as the year of implementation, and 2009 will focus on consolidation.

This EC support will assist UNRWA in implementing the Organisational Development plan in 2009 and beyond.

2.2. Lessons learnt

This is the second phase of Commission support to the programme, EUR1 million was already contributed in 2008. After 22 months of implementing the OD reform plan, there are clear indications that the reform is on track and gaining momentum across the Agency. In broad terms, most of the planned OD initiatives are being implemented according to plan. Examples include: establishment of the Medium Term Strategy, adoption of programme cycle management, a workforce strategy, improved classification and compensation procedures, a leadership and management development programme, executive coaching, process re-engineering (the way decisions are taken) and ICT.

In parallel, the field offices and many HQ departments have started to re-define their roles and develop their own OD initiatives.

The close follow-up of the Advisory Commission (AdCom) remains a key mechanism in maintaining the momentum for the development of this reform plan. The EC's strong involvement in the AdCom will be therefore continued.

2.3. Complementary actions

Since the Geneva Conference, the EC has been very active in various initiatives in support of UNRWA's management. The EC has chaired the Advisory Commission Sub-committee on Programming since January 2007. This Commission has examined issues related to UNRWA's regular, project and emergency programming as well as issues related to strategic planning, implementation and evaluation of UNRWA programmes. In January 2009 the EC will take over chair of the Sub-Committee dealing with strategic programming and financial planning.

This action concerning refugees is fully complementary to the PEGASE programmes supporting the PRDP and the PA administration.

2.4. Donor coordination

The EC has been an observer of the UNRWA Advisory Commission since 2006, the main body where donors and host countries coordination takes place. This structure was expanded and reinvigorated and has played a vital role in enhancing the dialogue between the various stakeholders, providing advice and assistance to the Agency, for the final benefit of the refugees. The EC is the second-biggest donor to UNRWA, only slightly behind the USA. If Member State contributions are also taken into account, the EU as a whole is the most important donor.

Other EC donors to the OD in 2008 include UK, Sweden, Italy and Denmark.

3. DESCRIPTION

3.1. Objectives

The overall objective to which the project will contribute is to more stable living conditions for the Palestine Refugees in UNRWA's fields of operation.

The specific objective of this project is to support the Agency's management reform process including its Resource Mobilisation Strategy.

3.2. Expected results and main activities

The expected result is to improve the responsiveness, effectiveness and efficiency of the Agency's operations towards providing high-quality services for Palestine refugees. The action will support the implementation of the OD process in its consolidation phase (2009). Specific actions in support of the Agency's Resource Mobilisation Strategy in particular in the framework of the UNRWA 60th Anniversary Events, as well as, conducting a review of the reform of the Relief and

Social Services (RSS) Programme are eligible. There are four main areas targeted by the reform process:

a. **Human Resources**, where the main results expected are to further the development of a classification, compensation and performance-based management system; improving key HR policies and processes; creating a framework for gender equality and developing mechanisms that provide Field Offices and Headquarters with better tools to manage their staff.

b. **Organisational Processes and Systems, Leadership and Management and Programme Management**.- Implementing decision-making frameworks and policies for recruitment and procurement; developing similar decision-making frameworks/policies in the areas of asset management and preparatory work to establish an Enterprise Resource Planning (ERP) system (essential to UNRWA and fundamental for embedding into the Agency a substantial amount of reforms pursued through OD).

c. **Leadership and Management** – Developing the capacity of management teams and individual managers

d. **Programme Management** – Developing a medium-term strategy supported by an associated budget and implementing the strategy.

3.3. Stakeholders

The direct beneficiaries of this programme are Palestine refugees in West Bank, Gaza, Syria, Lebanon and Jordan.

3.4. Risks and assumptions

Deterioration in the political and security environment could affect UNRWA's operations.

3.5. Crosscutting Issues

Good governance is integrated through the ongoing reforms of UNRWA administration and management. UNRWA is prioritising human development including protection of refugees in its reform agenda within the OD process. Refugees by definition constitute a vulnerable group, however the strategy should enable UNRWA to refine its approach in order to target the most needy within this group. A large percentage of those requiring assistance from UNRWA are women of child-bearing age. Children's rights to education are also covered through UNRWA's schools.

4. IMPLEMENTATION ISSUES

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

4.1. 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.

4.2. Budget and calendar

The overall budgetary requirement for the OD Programme 2007-010 is USD 26 million. The funding requirements for 2009 stand at a little over USD 4 million.

The total EC financial contribution to the project for 2009 amounts to EUR1 million. At this stage the indicative breakdown will be as follows:

Organisational Plan Support:	EUR 880,000
Visibility:	EUR 50,000
External review of RSS programme:	EUR 70,000
Total:	EUR 1,000,000

With regards to visibility, specific interventions will have to be agreed ex ante with the EC. Visibility actions should mainly acknowledge the EC contribution. The implementation of the programme will last for 12 months from the date of the signature of the contribution agreement between UNRWA and the EC.

4.3. Performance monitoring

Achievements will be monitored regularly by UNWRA and the results will be reported regularly to the EC.

4.4. Evaluation and audit

The annual EC-UNRWA Joint Review of performance indicators, initiated in 2007, will cover the evaluation of this action.

All auditing issues related to this project are governed by the Verification Clause annexed to and forming an integral part of the FAFA.

4.5. Communication and visibility

The European Commission will ensure that adequate communication and visibility is given by UNRWA to the EC funding (press conference, brochures/flyers, media reports, etc.).

ANNEX III

ACTION FICHE FOR THE OCCUPIED PALESTINIAN TERRITORY

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:	UNRWA: Contribution to the 2009 Regular Budget
Amount	EUR 66 million
Implementing Method	Project approach – joint management with an international organisation (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 4.6 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, most recently until 30 June 2011².

The Operation will address priority needs of the refugees through support to UNRWA education, health, relief and social services delivery. Implementation of the Operation will be the responsibility of UNRWA, being the Agency mandated with the provision of public services in the refugee camps.

The Operation will also support the streamlining process of the Agency's administrative and financial management. The on-going Organisation Development (OD) process is a key element aiming at increasing effectiveness and efficiency of

² The General Assembly is responsible for renewing the UNRWA's mandate every three years; 2011 is the next year the mandate will be up for renewal.

the delivery of essential services within the refugee camps. It is expected to have a positive effect on the general outcome of the Operation.

UNRWA has more than 27,000 staff posts and an estimated budget of USD 606.2 million for 2009, out of which USD 548.6 million is foreseen for the Regular Budget. This does not include funding for emergency appeals, organisational development or specific projects (like Nahr El-Bared)³.

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.

The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available annually. The European Commission, with an intended contribution of EUR 66 million per year until 2010, is assisting UNRWA to secure the necessary financial resources to operate on a sustainable and cost-effective basis and safeguard the quality and level of services provided to the refugees.

Over the past five years, the EC has contributed EUR 320 million to UNRWA's Regular Budget. Additionally in 2008, EUR 1 million was provided to support the Agency's Organisational Development (OD)⁴ and EUR 9 million were allocated to the Special Hardship Cases programme⁵. Other EC financial support to UNRWA is provided through ECHO-funded humanitarian operations and other ad hoc contributions.

3. RATIONALE OF THE INTERVENTION

Continued EC 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 EC commitment to keep a close watch on the refugee issue, including during final status negotiations.

The proposed EC-funded operation directly addresses the problems associated with service provision in the refugee camps. The regular programmes financed under the General Fund include UNRWA's education programme, health programme, and relief and social services programme.

The present grant agreement takes into consideration the support UNRWA is receiving from the international community, including EU Member States (EU MS

³ The total funding needs of UNRWA for 2008 amount to USD 1,213 million, out of which USD 542 million were allocated to the Regular Fund.

⁴ The current special measure includes also a EUR 1 million contribution for Organisational Development

⁵ Out of which EUR 5 million from Food Security are under current decision procedure.

provide around 30% of the contributions to UNRWA's Regular Budget). An added element of consideration is the increased burden on the Agency imposed by the ongoing crisis in the oPt, 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.

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. The Operation will also support the streamlining process of the Agency's administrative and financial management, with a view to increasing effectiveness and efficiency of the delivery of essential services within the refugee camps.

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.

3.3. Expected results

The main result of the Operation is 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 684 UNRWA elementary, preparatory and secondary schools⁶ and eight vocational training centres (in Jordan, Syria, Lebanon, the West Bank and the Gaza strip) staffed by more than 18,500 teachers and attended by over 480,000 pupils.

In the occupied Palestinian territory the education system as a whole has been severely disrupted by the armed conflict, curfews, closures and access problems

⁶ Secondary schools in Lebanon only.

since the Intifada. Since 2000, a total of 121 pupils have been killed and 1,532 injured, some of them while in class. Working conditions for teachers have deteriorated, which has an impact in the staff morale and the difficulty to recruit and retain competent staff.

The needs in this sector are high: education facilities in many areas are overcrowded and under-equipped. Double shifting in 77% of UNRWA schools, rented schools in poor conditions and the lack of recreational facilities severely limits the education possibilities for refugee children. An immediate priority of the Agency is to reduce pupil-teacher ratios and class occupancy rates, at least to national levels; improve the amount and the quality of the facilities by investing in new schools, repairing old ones; and slowly phase out rented schools and double shifting.

Other objectives of the Agency in this area include:

- improving access to quality education and learning opportunities, by matching host authority curricula through the introduction of new subject areas and disciplines, such as Information and Communications Technology and foreign languages (English and French);
- strengthening support for children with special needs, through the establishment of Special Educational Needs Support Centres in each field and expanding the school-based learning support programme; and
- improving and optimising the provision for technical and vocational education training (TVET), which currently trains almost 6,000 refugees. In order to maximise the refugees' opportunities to enter the labour market, a TVET Research and Development Unit is being established to enhance curriculum and staff development, and to strengthen links with business communities.

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. Primary care is provided through UNRWA's own 134 facilities, serving approximately 9 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 110 consultations per doctor per day). UNRWA is currently 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). Approximately 255,000 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 5,000 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 EC-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

A Joint Annual Performance Review of main UNRWA operations will be conducted during the course of the Operation. The review will be based on a predefined set of result-based indicators and targets, as well as milestones identified for implementing the Organisation Development process within UNRWA.

It is expected that during the course of this Operation, UNRWA will have developed the necessary capacities and structures in order to prepare technical documentation for the review. Should this not be the case, the cost of the review will not be supported by the present contribution to the Operation. The EC may use external consultants to undertake monitoring visits in order to prepare technical documentation for the review. UNRWA will facilitate the work of such consultants. The external expertise will be directly contracted by the Commission.

The set of selected key result-based indicators given below should not be interpreted as if UNRWA would not need other indicators to monitor the performance of its Programmes. The set has been developed as a basis for the Joint Annual Performance Reviews between UNRWA and the EC (and possibly other donors). The reviews should not be confined to a mechanical interpretation of the indicators. They should be done in the framework of a policy dialogue, taking into account the influence of prospective internal and external factors.

These indicators will be revised during the 2008 External Review of UNRWA's programmes and a new set of updated targets will be annexed to the final contribution agreement.

Type/periodicity	Indicator	Baseline/targets
Health		
Impact/ medium-term	1. Infant mortality rate	03: 22.5 06-07: 22 08-09: 20 10-11: 18
Result/annual	2. Percentage of pregnant women who register during the 1st trimester	05: 57.5% 06-07: 70% 08-09: 75% 10-11: 80%
Result/annual	3. Percentage of newly detected cases managed for non-communicable diseases	05: 8% 06-07: 22% 08-09: 23% 10-11: 25%
Output/annual	4. Average daily medical consultations per doctor	05: 110 06-07: 90

		08-09: 80 10-11: 70
Education		
Impact/medium-term	5. Educational achievement trends (new indicator to be measured by UNRWA Monitoring Achievement Test)	To be measured by DoE
Output/annual	7. Percentage of schools operating in a double-shift (to be replaced by contact time per pupil)	05-06: 77% 06-07: 75% 08-09: 70% 10-11: 65%
Result/annual	8. Pass rate of students in the national exams in Lebanon (preparatory school)	04: 53% 06-07: 60% 08-09: 70% 10-11: 80%
Result/annual	9. Percentage of VTC graduates in employment 12 months after graduation	05: 78% 06-07: 80% 08-09: 85% 10-11: 90%
Relief and Social Services		
Result/annual	10. Special Hardship Case families' satisfaction with the quantity of current part-food basket (new indicator)	05: 51% 06-07: 70% 08-09: 80% 10-11: 90%
Impact/medium-term	11. Percentage of refugees below the abject poverty line (food consumption poverty line) (new indicator)	To be measured by RSSP for 2008
Output/annual	12. Number of refugees benefiting from the services of the Community Based Organizations (W: women, D: persons with disabilities, Y: children and youth, to be added by RSSP: SHCs)	(in thousands) 04-05: 11W, 10D, 50Y 06-07: 15W, 25D, 50Y 08-09: 18W, 35D, 75Y
Housing and Camp Improvement		
Output/annual	13. Percentage of SHCs, whose shelters are in need of rehabilitation, which have benefited from rehabilitated, extended or reconstructed shelters	05: 3.4 % 06-07 : 10% 08-09: 20% 10-11: 30%
Microfinance and Micro-enterprise		
Output/annual	14. Percentage of loans given to clients who do not have a business licence	06-07: 80% 08-09: 80% 10-11: 80%

Similarly to the result-based indicators, the selection of the process indicators and the targets set to them should be reviewed, and if necessary revised, during the joint reviews. The suggested key milestones are presented in the below table (they cover the period 2008-2009 which will be covered by the second review).

2008

No	Target	Process indicator
10	Q4 2007	AdCom briefed on preparation process of Medium-Term Strategy (MTS) for 2010-2015, including on draft UNRWA indicators
11	Q2 2008	Completion of the Monitoring & Evaluation Frameworks as main M& E tools.
12	Q1 2008	Launch of the social safety net strategy and eligibility criteria reform Pilot completed, launch of the new “needs based” system in at least one Field.
13	Q1 2008	Completion of recruitment of Research and Policy Officers for each Programme and Support Officers for each Field.
14	<i>New target set for 2009</i>	Data systems and statistical capacity for M&E of programmes and projects in place.
15	Q2 2008	Consolidated UNRWA Monitoring Learning Achievement Test piloted by the end of school year.
16	Q2 2008	Completion of the PCM Operational Handbook , the core of PCM methodology and tools.
17	Q2 2008	PCM competencies built Agency-wide: training started, PCM tools being adopted Agency-wide.
18	<i>New target set for 2009</i>	Draft MTS for 2010-2015 finalised and approved internally , incl. priorities and indicators.
19	Q3 2008	2nd joint review of Programme performance Adjustment of targets/indicators. Forward planning.
20	Q4 2008	Completion of the social safety net strategy and eligibility criteria reform. Launched in all Fields.

2009

No	Target	Process indicator
21	Q2 2009	Baseline set up retroactively for assessing the impact of the OD process at the end of the OD period.
22	Q2 2009	Final MTS for 2010-2015 completed , after consultations with AdCom and including final set of UNRWA indicators.

23	Q2 2009	2010-11 biennium budget prepared based on a Strategy, Agency-wide, by Programme and by Field, and application of PCM and other achievements of OD.
24	Q2 2009	2008 Annual Report of the ComGen to include elements of the newly developed MTS , including UNRWA performance and OD indicators. Indicators subject to quality control.
25	Q2 2009	Monitoring Learning Achievement Test: full baseline study is carried out in all Fields by the end of the 2008-2009 school year.
26	Q3 2009	The new poverty based approach of the SHC programme is in effective use in all five Fields, after data collection has been completed in WB, SAR and Lebanon.
27	Q3 2009	Centralised M&E function or unit is set up based on UN or other best practice.
28	Q3 2009	3rd joint review of Programme performance based on either an UNRWA self-assessment or a wrap-up external review.
29	Q4 2009	Assessment of OD impact against the baseline set up earlier.
30	Q4 2009	Assessment of whether LogFrames were developed for all new projects and programmes in 2009 to measure whether PCM tools have been adopted Agency-wide.
31		<i>A process indicator to measure whether the OD function is sustained from 2009 onwards: a sufficient number of OD related posts included in the UN Regular Budget or their financing secured in another way</i>