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ANNEX

of the Commission Implementing Decision on the financing of the individual measure in favour of Palestine¹ refugees for 2022-2024

Action Document for “UNRWA: European Union Contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) Programme Budgets 2022-24”

MEASURE

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and individual measure in the sense of Article 23(3) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS Basic Act	European Union (EU) Contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) Programme Budgets 2022-2024. Multi-annual measure in favour of Palestine refugees for 2022-2024. OPSYS business reference ² : NDICI-GEO-NEAR/2022/ACT-60582 – JAD. 999958 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out at the following locations: Refugee camps and areas populated by Palestine refugees in the UNRWA’s five fields of operation: West Bank, including East-Jerusalem, Gaza Strip, Syria, Lebanon and Jordan.
4. Programming document	European Joint Strategy in support of Palestine 2021-2024 – under preparation – to be adopted as soon as possible
5. Link with relevant MIP(s) objectives/expected results	Under preparation

¹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

² Depending on the availability of OPSYS at the time of encoding, a provisional CRIS number may need to be provided.

PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Financial Support to the UNRWA Programme Budget			
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 4 (quality education) Other significant SDGs (up to 9) and where appropriate, targets: SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 5 (gender equality) and, SDG 8 (decent work and economic growth)			
8 a) DAC code(s)	Main DAC code – 72010 Material relief assistance and services - 100%			
8 b) Main Delivery Channel	UNRWA 41130			
9. Targets	<input checked="" type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development ³ <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

³ For the Neighbourhood, activities related to education shall be marked as part of the “Social Inclusion and Human Development” target, in line with the NDICI-GE programming guidelines.

	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	<u>Connectivity</u> Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

12. Amounts concerned	<p>Budget line(s) (article, item): 14.020110</p> <p>Total estimated cost: EUR 2 116 826 580⁴</p> <p>Total amount of EU budget contribution EUR 261 000 000</p> <p>The contribution is for an amount of EUR 97 000 000 from the general budget of the European Union for 2022, for an amount of EUR 82 000 000 from the general budget of the European Union for 2023 and for an amount of EUR 82 000 000 from the general budget of the European Union for 2024, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p> <p>This action is co-financed in joint co-financing by:</p> <p>- Other donors for an amount of EUR 1 855 826 580</p>
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MANAGEMENT AND IMPLEMENTATION

13. Implementation modalities (type of financing and management mode)	<p>Project Modality</p> <p>Indirect management with UNRWA</p>
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⁴ Indicative and based on the UNRWA 2021 actual Programme Budget (EUR 750 608 860.00).

1.2. Summary of the Action

Continued European Union (EU) political and financial support to United Nations Relief and Works Agency (UNRWA) is an essential element of the EU's strategy of contributing to the promotion of security, stability and development in the region and represents the EU's longstanding commitment to Palestine refugees until a just resolution to their plight is found, bearing in mind that this will require the reintroduction of the refugees perspective in a renewed political agenda. Since 1971, the EU has been providing strong, reliable and predictable support annually to UNRWA's Programme Budget, complemented with support to special projects and emergency appeals. The EU together with its Member States are the largest donors to UNRWA. In November 2021, the EU and UNRWA signed the 2021-2024 Joint Declaration, strengthening the political partnership between the EU and the Agency, reaffirming the EU's commitment to promoting the rights of Palestine refugees as well as its commitment to multiannual funding, which is essential for greater predictability of UNRWA's financing model.

EUR 82 million on an annual basis will be used primarily to cover the Agency's key core services in the areas of health, education, and social services; the amount will be essentially used to pay salaries for UNRWA local area staff, in particular teachers, doctors and social workers active in the refugee camps in the West Bank, including East Jerusalem, Gaza Strip, Syria, Lebanon and Jordan. UNRWA has more than 28,000 staff posts that provide services to over 5.6 million refugees. In 2022, EUR 15 million from the Food and Resilience Facility will be added to our regular contribution to UNRWA's programme budget which will then amount to EUR 97 million. This additional support will enhance the Agency's capability to provide food security assistance to the most vulnerable refugee population following the impact of the Ukraine crisis on food prices.

The Action's overall objective is to maintain basic living conditions and human development of Palestine refugees. The specific objectives are: (1) to support UNRWA to deliver uninterrupted essential basic services within the Agency's Programme Budget, namely basic education, primary healthcare and relief assistance; and (2) to help UNRWA move forward with the planning and implementation of specific operations and internal reforms linked to effectiveness, sustainability and accountability.

2. RATIONALE

2.1. Context

UNRWA plays an essential role in providing vital services to millions of Palestine refugees and stabilising the region. The Agency also helps to keep alive the prospects of sustainable peace between Israelis and Palestinians. UNRWA's services therefore remain key to contribute to a viable negotiated two-State solution, including an agreed, just and fair solution to the refugee question.

Overall, UNRWA has an important role to play due to the contribution it makes to several of the Sustainable Development Goals (SDGs) for Palestine refugees. UNRWA contributes directly to five SDGs via the Agency's core programmes. Recognising that more needs to be done to deliver on the United Nations (UN)'s Decade of Action for the 2030 Agenda for Palestine refugees, the upcoming years will be important to reflect on how UNRWA can better work with its partners – hosts, donors and the wider development community – so that no one is left behind, and to provide hope through opportunities to Palestine refugees so that they, in turn, can contribute more sustainably towards a peaceful and secure future.

Established by the UN General Assembly in 1949, UNRWA is mandated to provide assistance and protection to Palestine refugees pending a just and lasting solution to their plight. Over 5.6 million Palestine refugees are registered with the Agency and are eligible to access its services within UNRWA's five areas of operation

(West Bank, including East Jerusalem, Gaza Strip, Lebanon, Syria and Jordan) though not all registered refugees are actually making use of UNRWA services. If UNRWA's basic education and primary health care services are accessible to all Palestine refugees who seek them, other services like cash and food assistance or hospitalisation support are available only to the abject poor.

The importance of UNRWA's work in protecting and preserving the rights of Palestine refugees was acknowledged in December 2019, when its mandate was extended by three years (until 2023), with an overwhelming majority vote in the UN General Assembly, where all 28 EU Member States voted unanimously in favour of the extension. At the same time, UNRWA is currently experiencing considerable challenges in fulfilling its mandate, due to recurrent financial shortfalls, the significant needs of an increasing Palestine refugees' population in a context of considerable regional unrest and conflict and to new demands due to the onset of COVID-19 across its fields of operations, as well as to the crisis of confidence that affected the Agency in 2019.

Violence and marginalisation continue to affect Palestine refugees registered across all five fields of UNRWA operations, where the Agency continues to deliver human development services and humanitarian assistance in the areas of education, health care, relief and social services, camp infrastructure and improvement, microfinance and emergency assistance.

In **Gaza**, where about three-quarters of the current estimated population are registered Palestine refugees, the political and security situation remains volatile as the land, air and sea closure have entered its fifteenth year in 2021. Socioeconomic factors associated with the closure, the lack of employment opportunities, political uncertainty, as well the recurrent fiscal crises of the Palestinian Authority (PA) that led to reduced payments of social allocations to vulnerable families, who are mostly located in Gaza, and a chronic energy crisis continue to have significant repercussions on the lives of Palestine refugees. Since mid-2021, Gaza has faced several notable challenges, ranging from the ongoing impacts of the COVID-19 pandemic to a considerable post-conflict recovery effort as a result of the escalation of hostilities in May 2021. The escalation in May saw the most intense period of strikes since the 2014 conflict. The hostilities also had a detrimental impact on the economy and infrastructure, exacerbating Gaza's existing socio-economic problems. Nine hospitals, 19 primary healthcare centres, and 141 educational facilities sustained some level of damage. This included 28 schools and six health centres operated by UNRWA.

In the **West Bank**, including East Jerusalem, the situation remains fragile. Palestine refugees continue to experience difficult socioeconomic conditions rooted in occupation related policies and practices imposed by the Israeli authorities, aggravated by recurrent fiscal crises that led to reduced social allocations for vulnerable families as well, as from time to time, reduced salary payments for civil servants. At the same time, UNRWA operations in East Jerusalem continue to be undermined by the conflict.

After eleven years of conflict, civilians in **Syria** continue to face significant humanitarian and protection needs which in turn is undermining the resilience and coping capacities of the 438,000 Palestine refugees currently estimated to remain in the country.

The wider destabilisation of the region caused by the conflict in Syria continues to pose major socioeconomic and security concerns for Jordan and Lebanon, which host large numbers of refugees from Syria, including Palestine refugees, in addition to existing resident populations of Palestine refugees.

In **Lebanon**, the dire socio-economic conditions is characterised by rocketing poverty and unemployment rates, linked to the current political, social, financial and economic crises, placing further pressure on an already very weak public system, exacerbated by the explosion in the port of Beirut of August 2020, which caused a heavy death toll and a substantial economic impact.

In **Jordan**, high unemployment has become a major challenge, with levels of unemployment rising from 13.8 per cent in January 2016 to 23.2 per cent in the third quarter of 2021; youth and women have been particularly affected.

Across UNRWA fields of operation, the COVID-19 pandemic has been placing additional strain on already overstretched health systems, in particular in Gaza and Lebanon. While there have not been major outbreaks reported within Palestine refugee communities, the risk of escalation remains high. The economic impact associated with the pandemic has also been devastating and continues to worsen, exacerbating pre-existing Palestine refugee vulnerabilities.

The human development approach lies at the centre of the Agency's work. The Programme Budget is the Agency's primary means of sustaining core services. For more than a decade, persistent funding gaps in the UNRWA budget have placed the delivery, quality and effectiveness of essential services at immediate risk. Against this background, UNRWA is in the process of developing its next multi-year strategic plan (2023-2028) based on stakeholders' input and lessons learned throughout the implementation and evaluation of the UNRWA Medium-Term Strategy (MTS) 2016-2022. With the aim of refocussing the Agency on its core business (primary health, basic education and social relief), UNRWA's next multi-year strategic plan is expected to pave the way for consolidation, partnerships and savings of expenditures.

EU Fundamental Values

Operating on the basis of the legal framework applicable to United Nations entities, including the United Nations Charter, UNRWA services are also delivered in accordance with the UN humanitarian principles of neutrality, impartiality, independence and humanity, therefore contributing to the European Union's fundamental values.

Within its mandate, UNRWA protects and preserves the rights of Palestine refugees. The Agency delivers services to thousands of Palestine refugees daily. This includes schools for basic education, health centres for primary healthcare, registration offices, camp service offices, and other installations. Particularly in its more than 600 schools educating more than 500,000 Palestine refugee children across the Middle East, UNRWA emphasises the UN's values of neutrality, human rights, tolerance, equality and non-discrimination with regard to race, gender, language and religion. This is carried out through the UNRWA Curriculum Framework, the UNRWA rapid review process and the UNRWA teacher-centred approach. In times of conflict, UNRWA installations have also served as designated shelters for those displaced and seeking refuge, as was the case once again during the conflict in Gaza in May 2021.

Due to the complex contexts and protracted conflicts in which UNRWA operates, the Agency places special importance upon neutrality in all areas of its work. This is regulated and outlined in the UNRWA Neutrality Framework and several other regulatory documents that pertain to UNRWA operations and staff conduct.

2.2. Problem Analysis

PRIORITY (1): Supporting UNRWA in delivering uninterrupted essential basic services within the Agency's Programme Budget

Short problem analysis:

UNRWA continues to provide Palestine refugees not only with vital services, but also with stability and prospects for their future.

The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available by donors, on an annual or multiannual basis.

Diminishing voluntary contributions and a growing refugee population has made the funding model of UNRWA precarious. The situation has worsened since 2018. While the USA resumed funding in 2021, significantly reduced contributions from Gulf countries and some traditional donors have been observed. These factors have contributed to put UNRWA's role as a pillar of stability in the region at risk. Funding crises were averted in the past; however, all stakeholders, including donors, host countries, and the Agency, should be committed to working together to avoid the recurrence of such crises.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

The final beneficiaries of the action are the Palestine refugee population in UNRWA's five fields of operations. The Agency, UNRWA, itself, as well as all donors and host countries supporting UNRWA are also key stakeholders.

The responsibility of UNRWA in Palestine refugee camps is limited to providing services and administering its installations. The Agency does not own, administer or police the camps, as this is the responsibility of the host authorities. Donors support UNRWA in responding to the essential needs of Palestine refugees.

PRIORITY (2): Supporting the Agency in moving forward with internal reforms (“Management initiatives”)

Short problem analysis:

Internal reforms of UNRWA have been needed for some time. Prompted by the Agency's leadership crisis in 2019 and as part of the Agency's far-reaching managerial reforms (“Management initiatives”) endorsed by the United Nations Secretary General (UNSG) and the UNRWA Advisory Commission (AdCom), UNRWA launched several actions aimed at improving organisational effectiveness that focus on priority areas such as governance, transparency, oversight, accountability and ethics. Swift implementation of these management initiatives intended to strengthen the Agency's organisational and managerial culture are expected. A number of reforms are underway, including reinforcing the Department of Internal Oversight, restructuring UNRWA's Ethics function, establishing an UNRWA Ombudsman office, conducting a review of the donor relations and communication department as well as reviewing the UNRWA's regulatory framework. It is expected that the implementation of these measures will be actively pursued by UNRWA and that members of the Advisory Commission will be kept up to date on progress made.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The Agency, UNRWA, itself, as well as all donors and host countries supporting UNRWA, as well as the refugee population, are the main stakeholders.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to contribute to maintain basic living conditions and human development of Palestine refugees.

The Specific(s) Objective(s) (Outcomes) of this action are to:

1. To support UNRWA in delivering uninterrupted essential basic services within the Agency's Programme Budget
2. To support the Agency in moving forward with internal reforms including but not limited to areas related to UNRWA's management initiatives aimed at improving organisational effectiveness in priority areas, such as governance, transparency, oversight, accountability and ethics.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

1.1 contributing to Outcome 1 (or Specific Objective 1): Quality core services are delivered to Palestine refugees while UNRWA continues to deliver consistently with its medium-term strategic goals and objectives.

2.1 contributing to Outcome 2 (or Specific Objective 2): Internal reforms including but not limited to improving organisational effectiveness including in the areas of governance, transparency, oversight, accountability and ethics are carried out and institutionalised.

3.2. Indicative Activities

Activities related to Output 1.1

Programme Budget programmes - Within UNRWA's Programme Budget, the Agency delivers essential services notably in the areas of education, health, protection, relief and social services, microfinance, camp improvement as well as executive direction and support services via its 28,000 area staff members. Core programme expenditures that comprise of recurrent staff and non-staff costs are eligible for support under this action.

Activities related to Output 2.1:

Management Initiatives / Internal reforms - Eligible for support under this action, UNRWA is implementing a series of management initiatives aimed at improving organisational effectiveness, which focus, inter alia, on governance, transparency, oversight, accountability, ethics and overall modernisation. These initiatives reflect and support the UN-wide priority reform areas identified by the UN Secretary-General. Developed on the basis of a forward-looking role for the Agency, the initiatives will allow for opportunities to improve and follow latest practices and modern understandings of management, transparency and efficiency.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Environmental Impact Assessment (EIA) screening

The EIA screening classified the action as Category C (no need for further assessment). This Action is primarily centred on the provision of essential basic services within the Agency's Programme Budget, which is not relevant for an EIA. Nonetheless, UNRWA has a role to play in addressing environmental sustainability and an obligation to minimise the negative environmental impact of its own operations. While resource constraints have hampered progress, UNRWA has already taken a number of steps towards environmental sustainability. A Solid Waste Management action to be financed by the EU in 2022 within the framework of the 2021 Commission decision is also expected to contribute to this objective. Nonetheless, an Agency-wide policy on environmental sustainability is currently under development and a proactive approach to reducing its environmental footprint has been adopted. In addition, an Agency-wide Solid Waste Management (SWM) Framework, coupled with individual strategies for each field of UNRWA operation, aims to increase cost efficiency and reduce waste generation while encouraging reuse and recycling at the camp level.

Outcome of the Climate Risk Assessment (CRA) screening.

The CRA screening concluded that this action is no or low risk (no need for further assessment). This Action is primarily centred on the provision of essential basic services within the Agency's Programme Budget, which is not relevant for a Climate Risk Assessment. **Gender equality and empowerment of women and girls**

As per Organisation for Economic Co-operation and Development (OECD) Gender Development Assistance Committee (DAC) codes identified in section 1.1, this action is labelled as G1. This is based on the fact that within the current UNRWA Medium Term Strategy (MTS) 2016-22 and subsequent strategic plan (2023-2028), UNRWA continues to strive for gender equality across all Strategic Outcomes and in its management and operational objectives while combining gender mainstreaming with targeted interventions for women and girls as a tool to bridge historical gaps in empowerment, participation and access to services. UNRWA's commitment to the promotion of gender equality and women's empowerment is enshrined in its Gender Equality Policy (2007) and the Gender Equality Strategy (GES) that are being implemented in tandem with the MTS 2016-22. In 2022, UNRWA will define a new Gender Equality Strategy for the upcoming period 2023-2028.

Human Rights

Operating in a fragile, conflict region, UNRWA acts to protect the rights of Palestine refugees. The Agency also addresses the protection concerns of vulnerable refugees including women, children and persons with disabilities. UNRWA's mandate encompasses the protection and preservation of the human rights of Palestine refugees. Under UNRWA's mandate for protection of Palestine refugees, the Agency addresses the protection concerns of all refugees, inter alia, through the application of gender mainstreaming and the implementation of a dedicated gender based violence programme, a disability policy, an inclusive education policy and a child protection framework. In addition, UNRWA documents alleged human rights violations. Since its establishment in 1949, the Agency has been instrumental in providing vital services for the well-being, human development and protection of Palestine refugees and the improvement of their plight, pending the just resolution of the question of the Palestine refugees.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the Agency also addresses the protection concerns of persons with disabilities.

Democracy

Not Applicable.

Conflict sensitivity, peace and resilience

As an essential provider of vital services to millions of Palestine refugees, UNRWA is a stabilising force in the region. The Agency is an essential element of the EU's strategy to bring peace, stability and prosperity to the region and represents the EU's longstanding commitment to Palestine refugees until a just resolution to their plight is accomplished. The Agency helps to keep alive the prospects of sustainable peace between Israelis and Palestinians. UNRWA's services therefore remain key to contribute to a viable negotiated two-State solution, including a fair, agreed and realistic solution to the refugee issue. Though not being a political organisation, UNRWA plays an undeniable role in keeping stability in the region, in line with a Nexus approach. Notwithstanding, the prospect to make the agency eventually redundant is critically linked to the perspective of reintegrating the refugees' perspective in a revitalised political process.

Disaster Risk Reduction

Not Applicable.

Other considerations if relevant

UNRWA has an ongoing commitment to empowering Palestine refugee youths. Empowered with education, motivation and experience to reach their potential and achieve their goals is key to building and sustaining

peace and setting positive examples of innovation, persistence and courage while making a lasting impact on their societies.

In the area of livelihoods, UNRWA focuses on the mutually reinforcing outcomes of building the capabilities of refugees and improving access to livelihood opportunities through training and other educational opportunities, enabling access to financial services, creating employment opportunities, as an indirect by-product of its operations.

UNRWA has started to develop a strategic framework that will inform its new multi-year strategy (2023 - 2028). In addition to enhancing partnerships, synergies and harmonisation of approaches with other stakeholders, a key theme towards modernising UNRWA’s programmes and operations is hoped to be achieved through digitalisation. This initiative will be largely geared to enhance the quality and accessibility of UNRWA services, including in the fields of education, health and other programmatic areas, while enhancing the reliability, accuracy and privacy of its refugee registration data. Moreover, the implementation of managerial reforms will indirectly affect the capacity of the agency in delivering results.

3.4. Risks and Lessons Learned

Category ⁵	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Risk 1	Insufficient resources to enable the Agency to sustain core operations and regularly paying the staff, generating concerns among the refugee population, staff and hosting countries.	M/H	M/H	UNRWA strives to ensure adequate implementation of the Agency's Resource Mobilisation Strategy (RMS), while redeploying staff, whenever possible. Develop contingency plans. Engage occasionally with hosting countries to confirm support to the agency and its staff, while supporting relevant reforms. Outreach to other donors, in particular Arab donors

⁵ The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information

Category ⁵	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Risk 3	Risks associated with change: structural changes and reforms within UNRWA's operations are likely to raise concerns and encounter opposition from the Agency's staff, unions, and refugees. In addition, some reforms are likely to take time, and may also require temporary investments to ensure adequate transformation processes.	H	H	UNRWA ensures adequate stakeholder consultation and communication throughout the envisaged reform processes. Based on timely and comprehensive information sharing by UNRWA, hosts and donors, including the EU and its Member States, express their support for envisaged reforms. All relevant stakeholders support reforms and raise awareness in order to enhance synergies with other actors, hosting countries, private sector, International Financial Institutions (IFIs), etc.
Risk 1	Deterioration of existing crises, protracted conflicts and new conflicts arising in UNRWA's fields of operations, like the escalation in May 2021 in Gaza, or the dramatic crisis in Lebanon which change refugee needs or the Agency's ability to operate	M/H	M/H	UNRWA makes operational adjustments based on improved Agency-wide emergency preparedness. UNRWA ensures flexibility to address emerging needs in terms of advocacy and funding.
Risk 1	Deteriorating situation due to COVID-19 pandemic	M/H	M/H	UNRWA makes operational adjustments aimed at controlling the spread of the pandemic and helping to prevent a major outbreak. The EU supports national systems for the provision of vaccines, especially in areas that are lagging behind.

Lessons Learned:

UNRWA support in the recent past has confirmed:

- the importance of UNRWA's continued assistance to refugees, in a situation where an acceptable solution to the plight of the Palestine refugees has not yet been found. Because of this protracted situation, reforms attempting to change UNRWA's role are often strongly opposed by the refugee population and by the governments of their host countries. As a consequence, reforms require significant time as well as active consultations and communication throughout the process to help ensure buy-in.
- the critical stabilising role UNRWA plays across the region, representing an important alternative to voices calling for violence, extremism and prejudice, while symbolising the international community's commitment to Palestine refugees.

Moving forward, and based on lessons learned from recent UNRWA support activities, important strategic choices will have to be made in the framework of UNRWA's next multi-year strategy. Years of almost crippling austerity measures and a focus on efficiency, though necessary, have not been, and could not alone be sufficient. The Agency's next strategic plan represents an opportunity to endorse prudent, innovative approaches and far-sighted strategic steps and management decisions to ensure that UNRWA continues to fulfil its fundamental role and that its financial model moves towards a higher degree of predictability and sustainability. An integrated approach is necessary to allow for other approaches and delivery modalities, including possibly a better targeting of beneficiaries. Further synergies including with International Financial Institutions should be explored. At the same time more equitable burden sharing is needed.

Finally, a key lesson relates to the importance and continued application of strong and solid safeguards that prevent the possibility of funding individuals/institutions involved in terrorist activities or incitement. These are namely the implementation of UNRWA activities in the framework of indirect cooperation, based on the Financial and Administrative Framework Agreement (FAFA), which makes the Agency subject to the pillar assessment; the continuous policy dialogue; the emphasis put on adherence to the United Nations Educational, Scientific and Cultural Organisation (UNESCO) education standards; the compliance with the clause 6a of FAFA on restrictive measures; and the emphasis put by UNRWA on ethical values. As per article 6a.2 of the FAFA, UN agencies, including UNRWA, shall cooperate with the Commission in assessing if the third parties, whether entities, individuals or groups of individuals, selected by the UN to be recipients of funds in connection with the implementation of the respective contribution agreement, fall under the scope of EU restrictive measures. In the event that such recipients would fall under the scope of EU restrictive measures, the UN shall promptly inform the Commission. The EU considers that the Agency has put in place effective mechanisms in this regard. Based on the annual management declarations submitted by UNRWA, it is the EU's understanding that the Agency has been in compliance with the above article and no cases have been reported to the EU to date.

3.5. Intervention Logic

Support to UNRWA's annual Programme Budget offers the Agency the funding predictability it needs to sustain its core programmes and deliver its core services in an efficient way. At the same time, carrying out reforms will help improve the Agency's financial stability. This will lead to (a) preserving UNRWA's role in delivering essential services to Palestine refugees and (b) supporting the Agency in improving organisational effectiveness and internal reforms.

Preserving basic services to Palestine refugees provided by UNRWA within the framework of its mandate and supporting the realisation of Agency efficiency and effectiveness reforms and objectives will contribute to maintaining the basic living conditions and human development of Palestine refugees until an agreed, just, fair and realistic solution is reached to the problem of Palestinian refugees. As part of its mandate, UNRWA provides development opportunities through the provision of education, health and social protection services while at the same time responding to refugees' most pressing humanitarian needs. Against a backdrop of growing vulnerability, UNRWA sustains the international community's investment in the human capital of the refugees through continued delivery of core services.

3.6. Indicative Logical Framework Matrix

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (): Main expected results (maximum 10)	Indicators (): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)				Sources of data	Assumptions
				2020	2022	2023	2024		
Impact	To maintain basic living conditions and human development of Palestine refugees.	(1) Percentage of protection mainstreaming recommendations from internal protection audits implemented (measured biennially)*	(1) 42	(1) 42	(1) 42	(1) 42	United Nations General Assembly (UNGA) resolutions and reports on the mandate and operations of UNRWA and Palestine refugees. UNRWA Annual Operational Reports.	<i>Not applicable</i>	
		(2) Number of primary health care facilities providing services to Palestine refugees.*	(2) 140	(2) 140	(2) 140	(2) 140			
		(3) Stability in the number of UNRWA schools/educational facilities providing services to Palestine refugees.*	(3) 710	(3) 710 ⁶	(3) 710	(3) 710			
		(4) Number of individuals directly benefiting from EU supported interventions that aim to reduce social and economic inequality (individuals receiving Social Safety Net Programme (SSNP) assistance).*	(4) 390,440	(4) 390,440	(4) 390,440	(4) 390,440			

⁶ The number of schools is dependent on several factors, including whether enrolment of students is increasing or decreasing in each locality, the merger of smaller schools into larger ones, the availability of funding and land for the construction of new schools and future decisions on the reconstruction of damaged schools in Syria; however is expected to remain relatively stable given that more than half a million children attend UNRWA schools on a daily-basis.

* Indicators aligned with the UNRWA 2016-22 MTS are marked with a '*'

Outcome 1	1 UNRWA supported in delivering uninterrupted essential basic services within the Agency's Programme Budget	<u>1.1 Education</u>	<u>2019</u> ⁸	<u>2022</u> ⁹	<u>2023</u>	<u>2024</u>	UNRWA Annual Operational Reports, using data collecting by UNRWA staff through UNRWA management information systems.	Despite the global economic impact associated with the COVID-19 pandemic, funding from UNRWA's traditional donors remains stable including via regular and predictable support to the Agency's core budget through multi-year agreements.
		Preparatory education cumulative drop-out rates (male).*	3.07%	3.27% ¹⁰	3.27%	3.27%		
		Preparatory education cumulative drop-out rates (female).*	1.22%	2.41% ¹¹	2.41%	2.41%		
		Elementary cumulative drop-out rates (male).*	0.85%	1.72% ¹²	1.72%	1.72%		
		Elementary education cumulative drop-out rates (female).*	0.43%	0.78% ¹³	0.78%	0.78%		
		<u>1.2 Health</u>	<u>2020</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Regional donors' contributions to the Agency's Programme	
		Percentage of targeted population screened for Non-communicable diseases such as diabetes mellitus, 40 and above.*	9%	23.6% ¹⁴	23.6%	23.6%		

⁸ Given 2020 was an exceptional academic year due to COVID, the 2019 baseline is proposed.

⁹ According to the UNRWA Annual Operational Report, 2020 was an exceptional year due to COVID-19 - in some cases reporting irregular results. All UNRWA schools moved to remote learning from March 2020. Overall, there was a decrease in drop-out rates but a slight increase was observed amongst girls. Automatic grade promotion policies likely played a role by motivating struggling students to stay in school, along with the efforts of UNRWA education teams to provide engaging and accessible remote learning following the onset of the pandemic. Further analysis concerning the ripple effect automatic grade promotion policies may have in the future is expected to be carried out. Therefore, **drop-out rates have been purposely held static throughout the period 2021 to 2023 (as initially foreseen in the UNRWA Medium Term Strategy 2016-2022)**, reflecting the difficulty in setting targets for this indicator due to the multiplicity of factors which affect drop-out rates, many of which are beyond the control of the Agency. This explains why, in certain cases, the target may show a deteriorating trend.

¹⁰ Idem.

¹¹ Idem.

¹² Idem.

¹³ Idem.

¹⁴ As mentioned 2020 was an exceptional year. While the 2020 target was 23%, the actual was 9% mainly due to COVID restrictions. Agency has initially decided to hold the 2021- 24 targets stable at 23.6%.

		Number vaccine preventable disease outbreaks (Expanded Programme of Immunisation (EPI) ⁷).*	2	0	0	0		Budget are sustained, if not increased.
		<u>1.3 Social relief and protection</u> Percentage of poor individuals (out of the total poor refugee population) who receive social transfers through the UNRWA Social Safety Net Programme *	16.1%	13.6%	13.6% ¹⁵	13.6%		UNRWA presses forward with structural reforms to break the annual cycle of funding shortfalls and rebuilds its working capital to realise optimal cost efficiency and continuity of operations throughout the year. Sustained momentum for an updated vision of UNRWA.

⁷ Diseases targeted by the EPI include diphtheria, whooping cough, tetanus, measles, poliomyelitis and tuberculosis.

¹⁵ Improvement in 2021-2024 targets (coverage) is dependent on the receipt of additional funding. Targets therefore static throughout the period 2021 to 2024, as reflecting the difficulty in setting targets for this indicator due to the multiplicity of factors.

Outcome 2	2 UNRWA supported in moving forward with internal reforms including in areas related to UNRWA's management initiatives aimed at improving organisational effectiveness that focus, a priori, on areas of governance, transparency, oversight, accountability and ethics.	2.1 In line with the EU-UNRWA Joint Declaration (2021-2024), UNRWA updates/stock taking at annual EU-UNRWA Strategic Dialogue meetings provide a broad positive assessment on the Agency's commitments and progress in the implementation of UNRWA's management initiatives	UNRWA management initiatives: Implementation on progress report (AdCom June 2021)	2022 Strategic Dialogue meeting update	2023 Strategic Dialogue meeting update	2024 Strategic Dialogue meeting update	Strategic Dialogue summaries. AdCom and Subcommittee progress reports	UNRWA will be successful in implementing the management initiatives.
Output 1 related to Outcome 1	1.1 Quality core services delivered to Palestine refugees while the Agency continues to implement and pursue MTS objectives.	<p>1.1.1 Percentage of students identified with a disability receiving support meeting their specific needs.*</p> <p>1.1.2 Percentage of students reaching the Achieved or Advanced Performance Levels in MLA tests (grade 4 Mathematics, male).*</p> <p>1.1.3 Percentage of students reaching the Achieved or Advanced Performance Levels in MLA tests (grade 4 Mathematics, female).*</p>	<p>2020</p> <p>60.5%¹⁶</p> <p>2017¹⁷</p> <p>24.8%</p> <p>34.1%</p>	<p>2022</p> <p>71%¹⁹</p> <p>24.8%²⁰</p> <p>34.1%</p>	<p>2023</p> <p>71%</p> <p>N/A</p> <p>N/A</p>	<p>2024</p> <p>71%</p> <p>24.8%</p> <p>34.1%</p>	UNRWA Annual Operational Reports, using data collected by UNRWA staff through UNRWA management information systems.	<p>Operational and political situation/contexts do not deteriorate further.</p> <p>Infrastructure, installations and Palestine refugee shelters in UNRWA fields of operation do not sustain damage as a result of natural or human-made humanitarian crises.</p> <p>A sustained economic</p>

¹⁶ Baseline was a decrease from 2019 (71.7 per cent), owing to the difficulties in identifying and providing effective support to students with a disability during periods of remote learning.

¹⁷ MLA testing was last conducted in 2016. The final results of those tests were released in 2017.

¹⁹ Based on 2019/20 academic year (actual) result – pre-COVID and remote learning.

²⁰ The next MLA tests will take place in 2021. The final results of those tests will be released in 2022. Subsequent MLA tests will take place once every three to four years.

		1.1.4 Percentage of students reaching the Achieved or Advanced Performance Levels in MLA tests.* (grade 8 Mathematics, male)	50.0%	50.0%	N/A	50.0%	downturn, at the national, regional and/or global levels does not materialise.
		1.1.5 Percentage of students reaching the Achieved or Advanced Performance Levels in MLA tests (grade 8 Mathematics, female).*	64.8%	64.8%	N/A	64.8%	There are no increases in registered Palestine refugees beyond projections based on historical trends.
		1.1.6 Average daily medical consultations per doctor.*	2019 78.0 ¹⁸	78.0	77.0	76.0	The short- to medium-term impact of the COVID-19 disruption does not affect UNRWA's ability to deliver education, health, camp improvement and social welfare services.
		1.1.7 Percentage of Social Safety Net Programme (SSNP) beneficiaries who are abject poor Percentage of (SSNP) - allowing the Agency to prioritise food and cash assistance in support of the abject poor *	2020 74.4%	79%	79%	79%	There are no rises in commodity prices beyond projected levels. Adequate funding to meet minimum

¹⁸

2019 Baseline proposed (as 2020 was an exceptional year). Actual average daily consultations per doctor in 2020 stood at 58.8 (while target was 74.9) due to COVID related restrictions.

								operational requirements is received. UNRWA maintains the same or similar outputs and indicators in the 2023-2028 multi-year strategic plan.
Output 1 related to Outcome 2	2.1 Support and feedback mobilised/provided to assist UNRWA in its Management Initiatives / Internal reforms aimed at improving organisational effectiveness, which focus, inter alia, on areas of governance, transparency, oversight, accountability, ethics and overall modernisation	2.1.1 In line with EU-UNRWA Joint Declaration (2021-24), UNRWA updates/stock taking at annual EU-UNRWA Strategic Dialogue meetings provide a broad positive assessment on the Agency's commitments and progress in the implementation of UNRWA's management initiatives	- UNRWA management initiatives: Implementation progress report (AdCom June 2021)	2022 Strategic Dialogue meeting update	2023 Strategic Dialogue meeting update	2024 Strategic Dialogue meeting update	Strategic Dialogue summaries AdCom and Subcommittee progress reports	Adequate stakeholder consultation and communication ensured throughout the envisaged reform processes.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 36 months from the date of adoption by the Commission of this financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²¹.

4.3.1. Indirect Management with pillar-assessed entities²²

This action may be implemented in indirect management with UNRWA.

The implementation by this entity entails carrying out the action described in section 3 in order to provide sustained access of the Palestine refugee population in the Gaza Strip, West Bank, Jordan, Syria, and Lebanon, to quality essential services (outcome 1) and carry out reforms (outcome 2).

The envisaged entity has been selected using the following criteria as the action has specific characteristics requiring a specific type of implementer with proven technical competence and specialisation. UNRWA, established by the UN General Assembly (UNGA), is the UN Agency, and the only one, mandated to provide services to Palestine refugees. In the absence of a solution to the Palestine refugee problem, the UN General Assembly has repeatedly renewed UNRWA's mandate, most recently until 2023.

The Commission authorises that the costs incurred may be recognised as eligible as of 01 January 2022 because it will fully guarantee the continuation of vital basic service provision to the Palestine refugees and implementation of UNRWA internal reforms.

²¹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

²² The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessments

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)			Third-party contribution, in currency identified (amount in EUR)
	2022	2023	2024	
Implementation modalities – cf. section 4.4				
Outputs 1.1 & 2.1 composed of	97 000 000	82 000 000	82 000 000	
Indirect management with UNRWA – cf. section 4.3.1	97 000 000	82 000 000	82 000 000	1 855 826 580
Totals	97 000 000	82 000 000	82 000 000	1 855 826 580
TOTAL	261 000 000			1 855 826 580

4.6. Organisational Set-up and Responsibilities

The action will be implemented by UNRWA whereas the contribution agreement will be managed by the EU through the Office of the EU Representative to the West Bank and Gaza Strip (EUREP), located in East Jerusalem.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Close monitoring will be carried out at the action level and managed by the EU through the Office of the EU Representative to the West Bank and Gaza Strip (EUREP), located in East Jerusalem.

UNRWA maintains a unified reporting framework that is aligned with the Agency's Medium Term Strategy (MTS) 2016-22. The effort generates a standardised methodology with a set of indicators for reporting to donors, encompassing reporting timeframes, templates and both quantitative and qualitative information. This harmonised reporting approach reduces transaction costs while producing an enhanced quality of reporting.

Results reporting is derived from the UNRWA results-based monitoring system which enables data collection and analysis against strategic outcomes set out in the MTS. The system monitors emergency appeals, projects and other frameworks employed by the Agency and, where possible, establishes linkages between them.

The Agency's Annual Operational Reports will serve as the primary performance monitoring tool for the planned contribution agreement to implement the actions and may be supplemented by complementary reporting as far as reform actions are concerned.

5.2. Evaluation

Having regard to the nature of the action, a final evaluation will not be carried out for this action or its components.

In case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. COMMUNICATION AND VISIBILITY

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions, to advertise the European Union's support for their work to the relevant audiences. To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (as updated by the communication and visibility requirements in force under the current programming period 2021 - 2027).

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation applies equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds.

Building on the 2021 EU-UNRWA Communications and Visibility Strategy, which includes both field-level and EU-based activities, annual visibility implementation plans will be developed for the action.

Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.