



Brussels, 5.12.2016
C(2016) 8251 final

COMMISSION IMPLEMENTING DECISION

of 5.12.2016

on the second modification of Decision C (2016)1359 final on the Annual Action Programme 2016 part 1 in favour of Palestine¹ to be financed from the general budget of the European Union

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

COMMISSION IMPLEMENTING DECISION

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on the second modification of Decision C (2016)1359 final on the Annual Action Programme 2016 part 1 in favour of Palestine¹ to be financed from the general budget of the European Union

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action², and in particular Article 2 thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 84(2) thereof,

Whereas:

- (1) Commission Decision C (2016) 1359 final adopted on 29/02/2016 approved the programmes entitled "PEGASE Direct Financial Support to Recurrent Expenditures of the Palestinian Authority 2016 – part 1" and "Contribution to United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)'s 2016 Regular Budget". This Decision was financed under Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument⁴.
- (2) The purpose of this second modifying Decision is to increase the contribution to UNRWA by EUR 20 million, bringing the total contribution to UNRWA's general fund to EUR 102 million for 2016. This additional funding, together with contributions from other donors, will allow UNRWA to bridge its financial gap and thus keep schools open for Palestine refugees in all its fields of operation.
- (3) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument (ENI) Committee set up by Article 15 of the financing instrument referred to in Recital 1,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the measure

Annex 2 of Decision C (2016) 1359 final is replaced by the following Annex:

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² OJ L 77, 15.3.2014, p. 95.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 77, 15.3.2014, p. 27.

Annex: Contribution to UNRWA's 2016 Regular Budget.

Article 2

Financial contribution

The maximum contribution of the European Union UNRWA's 2016 Regular Budget referred to in Article 1 is set at EUR 102,000,000 and shall be financed from budget line 22 04 01 04 of the general budget of the Union for 2016.

The financial contribution provided for in the first paragraph may also cover interest due for late payment.

Done at Brussels, 5.12.2016

For the Commission
Johannes HAHN
Member of the Commission



This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the second modification of Decision C (2016)1359 final on the Annual Action Programme 2016 part 1 in favour of Palestine¹ to be financed from the general budget of the European Union

Action Document for "UNRWA: EU Contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) 2016 Programme Budget"

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grants awarded directly without a call for proposals: 5.3.2

1. Title/basic act/ CRIS number	"UNRWA: EU Contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) 2016 Programme Budget" CRIS number: ENI/2016/ 370-281 financed under European Neighbourhood Instrument.
2. Zone benefiting from the action/location	Palestine ² The action shall be carried out at the following location: Palestine Refugee camps in UNRWA's 5 fields of operation: West Bank, Gaza Strip, Syria, Lebanon and Jordan.
3. Programming document	The Single Support Framework for 2014-15 (extended till the end of 2016) envisages specific temporary support measures to contribute to maintaining the viability of the two-state solution.
4. Sector of concentration/ thematic area	Temporary support measures: Financial Support to UNRWA's 2016 Programme Budget
5. Amounts	Total estimated cost: EUR 650,591,034

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concerned	Total amount of EU budget contribution EUR 102,000,000 (comprising EUR 82,000,000 from the initial Financing Decision C(2016)1359 plus EUR 20,000,000 from this modifying decision). This action is co-financed in parallel co-financing by: Other donors to UNRWA for an amount of EUR 568,591,034			
6. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with UNRWA (or direct management – grants – direct award to UNRWA)			
7. DAC code(s)	72010			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<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"/>
	RIO Convention markers	Not targeted	Significant objective	Main 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"/>
	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"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The protracted crisis situation linked to the stagnation of the Middle East Peace Process (MEPP) and the fact that Palestine has not yet attained 'statehood' continues to require specific temporary support measures to contribute to maintaining the viability of the two-state solution. These cover the PEGASE³ Direct Financial Support (DFS) to the Palestinian Authority (PA)'s national budget, as well as the support to UNRWA interventions for Palestinian refugees, altogether sustaining the delivery of basic services to the entire Palestinian population.

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 infrastructure support to approximately 5 million registered Palestine refugees in Jordan, Lebanon, Syria, the West Bank and

³ Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique.

the Gaza Strip. Established by the United Nations (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. Among United Nations Agencies, UNRWA is unique in delivering services directly to beneficiaries.

The aim of this Action is to contribute to the UNRWA's 2016 Programme Budget⁴ to sustain the delivery of essential public services to the Palestinian refugees until the end of 2016. Continued EU support to UNRWA is an essential element of the EU strategy for the Middle-East Peace Process, in particular EU commitment to keep a close watch on the refugee issue, including during final status negotiations.

Since 1971, the EU has contributed annually to UNRWA's Programme Budget. This funding is used primarily to cover the Agency's crucial core programme services in the areas of health, education, and social services and is essentially used to pay salaries for teachers, doctors and social workers active in the refugee camps. UNRWA has more than 30 600 staff posts to cover for services provided to over 5 million refugees. In combination with contributions from EU Member States, EU overall contributions in 2016 accounted for 40% of the total support to UNRWA. Since the year 2000, the EU has provided over EUR 1.6 billion in support of UNRWA's work.

1 CONTEXT

1.1 Regional context

UNRWA is currently working in a context of considerable regional turmoil and conflict. While the Agency has thus far played a pivotal role in addressing the needs of Palestine refugees across the region, UNRWA is experiencing huge challenges in carrying out its operations.

UNRWA operations in Syria continue to be impacted by an unpredictable and devastating armed conflict. For the 450,000 Palestine refugees estimated in Syria, daily life is a bleak and constant struggle, with over 95% relying on UNRWA to meet their basic needs. Ramifications of the conflict in Syria extend also to Jordan and Lebanon.

The situation in the West Bank and East Jerusalem is also complex: increased access restrictions, numerous Israeli incursions into refugee camps and escalating violence since October 2015 has led to disruptions of UNRWA's activities. Moreover, in the Gaza Strip, the 2014 conflict and humanitarian tragedy continues to put high demands on the Palestinian Authority and UNRWA.

Poverty continues to be one of the defining characteristics of many of the Palestinian refugees served by UNRWA in Palestine (the Gaza Strip, the West Bank), Jordan, Lebanon and Syria. It is important to note that not only is poverty definitional in the UNRWA context, it also intersects with the question of refugee rights, social protection, and international protection. As such, UNRWA is proposing a rights based approach to poverty e.g. poverty addressed not simply in terms of human needs, or of developmental requirements, but in terms of inalienable and universal

⁴ Previously referred to as UNRWA's Regular Budget (General Fund).

rights of individuals to equality, non-discrimination, participation, and empowerment.

After 66 years, UNRWA continues to provide refugees not only with critical services, but also with stability and hope for the future. UNRWA's role as a pillar of stability in the region was put at risk in 2015 when severe funding shortfalls threatened to close down UNRWA's educational programme and delay the return to school of some 500,000 children. Thanks to exceptional additional contributions from donors including from the EU, the 2015/16 school year could begin according to schedule in the fall with 685 schools benefiting half a million pupils across the region.

Despite UNRWA's commitment to a zero growth budget in 2016, reform initiatives and cost containment measures, its financial challenges continue. The Agency has, as of September 2016, forecasted a USD 74 million deficit. Lack of any working capital since 2014 is now compounding this situation. The UNRWA Commissioner General has therefore decided to up-date his Special Report of 3 August 2015 on the Agency's financial crisis to the United Nations Secretary General with an appeal to all UN Members and Observers to close the 2016 gap and to urgently establish a process that would identify measures putting UNRWA on stable financial footing.

On top of the baseline EU contribution of EUR 82 million foreseen in the EU-UNRWA Joint Declaration (JD) on the EU's support for UNRWA for the period 2014-2016, an additional contribution of EUR 20 million will be used to support UNRWA's 2016 core education programme. Funds will ensure that roughly 58% of UNRWA schools, approximately 406, across the Agency's five fields of operation – Syria, Lebanon, Jordan, Gaza and the West Bank - remain operational without disruption for one month. This will be achieved through the payment of salaries of teachers, administrators and educational support staff (approximately 12,470 education staff) as well as the provision of materials, equipment and maintenance of their physical space. Over 290,000 Palestine refugee boys and girls will therefore have continued access to high-quality basic education contributing to the development of skills to thrive as adults in an increasingly challenging landscape.

Without any political resolution to the refugee problem, while this population grows at a pace of approximately 4-6% per year, and with a downward trend of donors' contribution, UNRWA faces a huge challenge in terms of fiscal sustainability. It maintains its regional quasi government operations via its 30 600 predominately Palestinian workforce. The crucial issue remains serving those most in need. Moreover, at stake remains the capacity of the Agency to ensure sustainability in its core activities, by introducing reforms as well as by securing reliable and predictable funding through the Programme Budget. Donor fatigue is evidently noticeable among UNRWA's traditional donors. This is occurring in an environment where host and donor countries are facing substantial domestic economic challenges making it more difficult for them to maintain existing levels of support.

1.1.1 Public Policy Assessment and EU Policy Framework

The Programme Budget is the Agency's primary means of sustaining core services. The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available annually from donors.

Latest figures project that the UNRWA Programme Budget for 2016 will face a shortfall of around USD 74,000,000 despite continued stringent austerity and cost-reduction measures as well as management initiatives aimed at safeguarding UNRWA's core programmes. This shortfall would not include funding for emergency appeals, organisational development or specific projects (like Nahr El-Bared camp or those assisting Syrian refugees).

In the last years, substantial chronic gaps have been the result of several factors: (i) the high birth rate in the refugee population means that, even if funding was maintained or even slightly increased, per capita allocated would drop; (ii) reduced donations from a number of donors; (iii) the increase in commodity prices; (iv) the depletion of reserves; (v) exchange rate losses; (vi) the situation in Syria which has increased the demand for relief services from Palestine refugees affected by the on-going conflict.

The UNRWA Medium-Term Strategy (MTS) 2016-2021 of UNRWA is expected to gain momentum and pave the way to substantial consolidation and savings of its expenditures by refocussing the Agency on its core business (primary health, basic education and social relief). Technical reforms foreseen in the Agency's MTS are expected to help improve UNRWA's financial stability and ensure that services are being delivered to the most vulnerable among the refugee population.

In parallel, UNRWA's Resource Mobilization Strategy (RMS) for 2016-2018 aims at further diversifying the Agency's donor base while continuing to deepen its partnerships with traditional donors in an attempt to meet an increasing need for resources in the coming years.

The protracted crisis situation linked to the stagnation of the Middle East Peace Process (MEPP) and the fact that Palestine has not yet attained 'statehood' continues to require specific temporary support measures to contribute to maintaining the viability of the two-state solution. These cover the PEGASE Direct Financial Support (DFS) to the Palestinian Authority (PA)'s national budget, as well as the support to UNRWA interventions for Palestinian refugees, altogether sustaining the delivery of basic services to the entire Palestinian population.

Since 1971, the EU has contributed annually to UNRWA's Programme Budget. The contribution to the UNRWA's Programme Budget is in line with the EU-UNRWA Joint Declaration (JD) on the EU's support for UNRWA for the period 2014-2016. This agreement offers the agency much needed predictability in sustaining its core programmes. The Declaration foresees a core EU contribution during these years of EUR 246 million (i.e. EUR 82 million per year), depending on funds available in the annual EU budget.

1.1.2 Stakeholder analysis

The direct beneficiary of the action is the Palestine refugee population in UNRWA's five fields of operations.

UNRWA itself, as well as all donors and host countries supporting UNRWA are also key stakeholders.

1.1.3 Priority areas for support/problem analysis

UNRWA continues to provide refugees not only with critical services, but also with stability and hope for the future. The Agency is the largest UN operation in the Middle East, active in five fields of operations (West Bank, Gaza Strip, Jordan, Syria and Lebanon).

UNRWA's role as a pillar of stability in the region was put at risk in 2015 due to funding shortages. While the 2015 crisis was averted, all stakeholders including donors, host countries, and the agency itself committed to work together so that a crisis of this scale and kind would not be repeated.

In 2016, UNRWA committed to a zero growth budget, reform initiatives and cost containment measures. Notwithstanding these measures, UNRWA's financial challenges have continued and the Agency risks facing repeated financial shortfalls.

In 2015 and in 2016, necessary measures initiated by UNRWA's management to control spiralling costs under the Programme Budget have been crucial. Although these measures, such as the class formation exercise, the freeze on Programme Budget recruitment and the review of international consultancies posed serious challenges for the Agency and consequently for Palestine refugees, the EU supported them as a necessary and unavoidable means to bring the Agency onto a stronger financial footing. The EU has in recent years, at every available opportunity, warned of the dangers of a growing deficit and reduced reserves and the impact of this on the delivery of services to Palestine refugees.

However, increased funding from most of the Agency's traditional donors and efforts to broaden and diversify the income sources in the last years have been outpaced by demand caused by the prevailing conflicts in most fields of operation and deteriorating economic conditions in all of them.

With this commitment to UNRWA's Programme Budget, the EU will continue to be a reliable and predictable supporter of the Agency's core budget, enabling the Agency to reinforce ownership, responsibility, and accountability and to prioritise within its core programmes, while sustaining essential basic services. This commitment will also serve to highlight the EU's confidence in and support for the Agency in the challenging period ahead as UNRWA takes further measures to tackle their financial instability.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Deterioration of existing protracted conflicts and new conflicts arising in UNRWA's fields of operations that change refugee needs or the Agency's ability to operate	M/H	Continuous monitoring
Insufficient resources to enable the Agency to sustain core operations	M/H	UNRWA's new Resource Mobilization Strategy (RMS) covering the period 2016-2018 sets out new areas of strategic focus where further resources may be mobilised. The RMS seeks to further enhance existing relations with both traditional and non-traditional donors (e.g. continued and accelerated outreach to Gulf donors). Undertaken successfully, both the RMS and the internal measures/reforms will maximize the Agency's efforts to sustain its core operations.
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	UNRWA ensures adequate stakeholder consultation and communication throughout the envisaged reform process. Donors (and other stakeholders including host countries) remain supportive and engaged both politically and financially.
Assumptions		
<ul style="list-style-type: none"> • Funding from UNRWA's traditional donors remains stable including via regular and predictable support to UNRWA's core budget through multi-year agreements. • Building on UNRWA's achievements in 2015, regional donors contributions' to UNRWA's Programme Budget are sustained. • UNRWA breaks the annual cycle of funding shortfalls and rebuilds its working capital to realise optimal cost efficiency and continuity of operations throughout the year. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Since its establishment in 1950, UNRWA has become identified as the “quasi government” structure for Palestinians living in refuge in UNRWA’s fields of operation. Its mandate is to provide services to refugees which would otherwise be provided by a government body. Originally, these services encompassed Relief

provision and Public Works, but in order to support refugees effectively in the context of long-term political uncertainty, it has become increasingly necessary to adopt a 'long term development' as opposed to a temporary 'relief' approach given the UNRWA's repeatedly renewed mandate over the past 65 years.

However, the importance of UNRWA's continued assistance to refugees is about more than just its services, but marks the lack of an acceptable solution to the plight of the Palestine refugees. For this reason, attempts to change UNRWA's role are often strongly resisted by the refugee population and by the governments of their host countries. Nonetheless, UNRWA recognises that the resource scarcity resulting from the current global economic climate, growing needs from population growth, as well as inflationary pressures, require the Agency to prioritise services and activities within, and between, its programmes.

3.2 Complementarity, synergy and donor co-ordination

The EU will continue to promote synergies and complementary strategies between the programmes of the host countries, international organisations and UNRWA. To the extent possible, the overall purpose will be to ensure consistencies between programmes managed by these parties that aim at delivering essential basic services (including at policy, strategy, and programme levels) and in the case of the Palestinian Authority (PA) to support it in its state-building efforts. Synergies with UNRWA, notably in terms of social protection, are currently under analysis.

Donor co-ordination is ensured through UNRWA's Advisory Commission⁵ sessions, through the EU Interest Group⁶ on UNRWA and other regular meetings organised by the Office of the European Union Representative (EUREP) in East Jerusalem with local and international stakeholders.

Besides supporting UNRWA's Programme Budget, the EU has actively supported UNRWA's management reforms and continues to provide support to a number of extra-budgetary special emergency appeals and projects. EU humanitarian assistance supports the Agency's emergency responses and preparedness to unpredictable but recurrent humanitarian needs predominantly emerging from the protracted crises in Palestine and Syria.

The EU and other donors have recurrently stressed the need for more clarity on the interface between the Programme Budget, the Emergency Appeals and project donations, particularly to avoid that the latter two headings impact on the Programme Budget when the project/donation money runs out.

⁵ Following the UN General Assembly's approval of its expansion in December 2005, membership consists of the following: Australia, Belgium, Brazil, Canada, Denmark, Egypt, Finland, France, Germany, Ireland, Italy, Japan, Jordan, Kuwait, Lebanon, Luxembourg, Netherlands, Norway, Saudi Arabia, Spain, Sweden, Switzerland, Syrian Arab Republic, Turkey, United Arab Emirates, United Kingdom, United States. Observers are the Palestine Liberation Organisation, the European Union, and the League of Arab States.

⁶ Co-ordination within this group ensures that the EU and its Member States speak with one voice. The Group also discusses and prepares the joint AdCom statement delivered by the EU Representative in Jerusalem on behalf of the EU and its Member States.

In combination with contributions from EU Member States, EU overall contributions in 2016 accounted about 40% of the total support to UNRWA. Since the year 2000, the EU has provided over EUR 1.6 billion in support of UNRWA's work.

3.3 Cross-cutting issues

Good governance has been integrated through reforms of UNRWA administration and management.

As regards UNRWA and gender equality, UNRWA's 2016-2021 Medium Term Strategy (MTS) embeds gender equality across all dimensions of the MTS Strategic Outcomes and in its management and operational objectives. Amongst other elements, indicators and targets are disaggregated wherever appropriate by sex, thereby ensuring that gender receives specific attention at all stages of the programme cycle. UNRWA has a Gender Mainstreaming Strategy and a Gender based Violence programme, a Disability Policy, an Inclusive Education Policy and is undertaking a mapping with a view to developing a Child Protection Framework for the Agency.

In responding to UN commitments on climate change, UNRWA is dedicated to assist and to co-ordinate with others undertaking work on climate change and its impact on refugee populations. The Agency is committed to achieving tangible and measureable results in these areas in the strategic MTS period.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of this Action is to maintain the viability of the two-state solution by sustaining basic living conditions of the whole Palestinian population, including refugees. It is thus to provide support to sustain, without disruption, essential basic services provided by UNRWA within the Agency's 2016 Programme Budget (education, health, relief and social services, infrastructure/camp improvement programmes, and supporting departments and services).

The specific objectives are to: (1) support UNRWA to deliver to the Palestinian refugee population essential basic services; (2) to improve the economic opportunities of poor, vulnerable and isolated population; and (3) increase UNRWA's transparency and accountability.

4.2 Main activities

Within the UNRWA's 2016 Programme Budget, main core programme expenditures are eligible for support under this action. UNRWA's main programmes are:

Education programme:

Education services are currently provided through around 700 UNRWA elementary, preparatory and secondary schools and eight vocational training centres in all 5 fields of operation staffed by approximately 22,000 educational personnel and attended by around 500,000 pupils.

This programme aims to provide, within the framework of the curricula⁷ prescribed by the host countries and by the Palestinian Authority, quality basic education as well as vocational and technical education for Palestine refugees to enhance their educational opportunities at all levels of the educational system. UNRWA's objectives for the medium term, based on its commitment to Palestine refugees' human development, is to help children and youth gain appropriate knowledge and skills by providing universal primary education besides improving the quality of education provided.

In 2011, the UNRWA education programme began a major reform to help it meet the evolving demands of an education system in the twenty-first century. The reform is on track and is expected to lead to improved services for the Palestine refugee students in UNRWA schools and vocational training centres.

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. Around three million refugees (66% of UNRWA registered refugees) make use of UNRWA health facilities. Primary care is provided through UNRWA's own 139 facilities, serving approximately 9.5 million patient visits per year. Secondary care is provided through contractual arrangements with governmental or non-governmental hospitals or through partial reimbursement of the costs of treatment. Two thirds of the refugee population consist of women in reproductive age and children below 15 years of age, making maternal and child health, including family planning services, a priority area.

This programme aims to protect, preserve and promote the health especially of the registered Palestine refugees by providing access to comprehensive, quality basic health services.

UNRWA's strategy for health reform is based on the Family Health Team approach (FHT) which includes forming health teams in all clinics that provide family health services. In addition, there are two critical supportive components, namely the e-health information system and physical improvement of health centre infrastructure. Initial results of FHT implementation have shown signs of quality improvement and potential efficiency. The progress is particularly significant in health centres where the two above critical support components for FHT took place like those in Lebanon and Gaza. In these health centres, doctors are now able to spend more consultation time with patients. Such changes could potentially bring cost savings in the future.

Relief and social services programme:

The Agency provides eligible refugees with a range of services including food support, shelter rehabilitation, and selective cash assistance for Special Hardship Cases (SHCs). Over 294,000 persons are currently benefiting from the cyclical assistance under this SHCs programme. This assistance is primarily directed to families headed by women, families without a male adult medically fit to earn an income and to the elderly who cannot support themselves.

⁷

UNRWA supplements these with its own materials on human rights.

This programme aims 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.

The Relief and Social Services (RSS) reform contained three key components: consistent application of a targeting system across the Agency (proxy means test formula - PMTF); developing more effective poverty interventions; and, transitioning from food to cash support. While there has been noticeable progress in the first two components, the third component has not been implemented due to resource constraints and host countries' reservations. The RSS reform and the Agency's overall assistance to Palestine refugees who cannot meet their basic needs remain however a subject of ongoing deliberation within the forum of the UNRWA's AdCom.

Infrastructure/camp improvement programme:

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

4.3 Intervention logic

The EU and its Member States remain the largest providers of international assistance to Palestine refugees. Through this additional contribution to the UNRWA's 2016 Programme Budget, the EU is making a key contribution towards ensuring that UNRWA continues to carry out its mandate with minimal risks to its operations (in particular education services) while providing essential services to the more than five million Palestine refugees who depend on the Agency.

Continued EU support to UNRWA is an essential element of the EU strategy for the Middle-East Peace Process. Until an agreed, just, fair and realistic solution is reached, the EU remains committed to Palestine refugees and the support provided by UNRWA in accordance with its mandate.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 12 months as from 1 January 2016, the expected final date of operational duration being 31 December 2016.

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

and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

5.3.1 Indirect management with an international organisation (UNRWA)

This action may be implemented in indirect management with UNRWA in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails carrying out the activities described in section 4.3 in order to (1) provide sustained access of the Palestinian refugee population in the Gaza Strip, West Bank, Jordan, Syria, and Lebanon, to quality essential public services, with a specific focus on the most poor/vulnerable; (2) increase livelihoods opportunities of poor, vulnerable and isolated population; (3) improve UNRWA's responsiveness to respective Palestine refugees' needs. This implementation is justified because the action has specific characteristics requiring a specific type of implementer with proven technical competence and specialisation. UNRWA, established by the United Nations General Assembly, is the UN Agency 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 extending it until 30 June 2017.

The entrusted entity would carry out the following budget-implementation tasks: provision of cash transfers to refugee families, procurement of supplies and services, including tendering, contracting and making payments.

The Commission authorises that the costs incurred by the entrusted entity may be recognised as eligible as of 01 January 2016.

5.3.2 Change from indirect to direct management mode due to exceptional circumstances

Grant: direct award "EU Contribution to the UNRWA 2016 Programme Budget" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

This action has the objective of providing support to sustain essential basic services provided by UNRWA within the Agency's 2016 Programme Budget.

The specific objectives are to: (1) support UNRWA to deliver to the Palestinian refugee population essential basic services; (2) to improve the economic opportunities of poor, vulnerable and isolated population; and (3) increase UNRWA's transparency and accountability.

The main expected results of the Action are: (1) sustained access of the Palestinian refugee population in the Gaza Strip, West Bank, Jordan, Syria, and Lebanon, to quality essential public services, with a specific focus on the most poor/vulnerable; (2) increased livelihoods opportunities of poor, vulnerable and isolated population; (3) the improvement of UNRWA's responsiveness to respective Palestine refugees' needs.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to UNRWA.

Under the responsibility of the Commission's authorising officer responsible, and in accordance with Article 190(1)(f) of Regulation (EU, Euratom) No 966/2012, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. UNRWA, established by the United Nations General Assembly, is the UN Agency 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 extending it until 30 June 2017.

(c) Eligibility conditions

Not applicable.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria is that UNRWA, established by the United Nations General Assembly, is the UN Agency mandated to provide services to Palestine refugees.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 30% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

1st trimester of the year 2016

(g) Exception to the non-retroactivity of costs

The Commission authorises the eligibility of costs prior to the submission of the grant application as of 1 January 2016.

5.4 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.3.1 Indirect management with UNRWA	102,000,000.00	EUR 568,591,034
Totals	102,000,000.00	EUR 568,591,034

5.6 Organisational set-up and responsibilities

The action will be implemented by UNRWA whereas the pillar-assessed (PA) grant agreement will be managed by the EU through the Office of the European Union Representative to the West Bank and Gaza Strip, UNRWA (EUREP), located in East Jerusalem.

5.7 Performance monitoring and reporting

Since 2010, the Agency has been developed a unified reporting framework. The initiative sought to generate a standardised methodology with a set of indicators for reporting out to donors encompassing reporting timeframes, template and quantitative and qualitative information required. This harmonised reporting approach aimed to reduced transactions costs and better quality of reporting to respective donors. Alignment of reporting would also reflect best practice discussions and recommendations formulated among UNRWA, donors and the evaluation consultants, in addition to established principles in global forums and studies such as the Paris Declaration and the High Level Committee on Management Results Reporting Study.

In April 2011, the Agency published the first Harmonised UNRWA-Donor Monitoring and Evaluation Matrix for the period ended December 31, 2010. Internally, the results aggregation and qualitative analysis were consistent and well communicated.

Overall, the institutionalised monitoring and evaluation capacities, frameworks and functions and the Agency's overall management of the Monitoring and Evaluation tools within the Department of Planning have been deemed adequate to ensure coherent, accurate, and analytical reporting to UNRWA's management, donors and hosts; both on impact and results.

The Agency has regularly revised its Monitoring and Evaluation Matrix in close co-ordination with major donors including Australian Aid, the EU, the United Kingdom and the United States. Within the forum of UNRWA AdCom, members have welcomed UNRWA's effort to consolidate and improve the quality and consistency of monitoring and external reporting and have acknowledged this monitoring tool and process. Since 2012, a significant number of UNRWA's top donors (Australian Aid, Denmark, the EU, Norway, the United Kingdom and the United States) have aligned UNRWA's reporting obligations in line with this performance report (UNRWA's Results report). The Agency's Results Report serves as the primary

performance monitoring tool for the planned grant agreement foreseen within the framework of this Decision.

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 (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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).

5.8 Evaluation

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

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.

5.9 Audit

Without prejudice to the provisions and the obligations applicable to the agreement to be concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent expenditure verification assignments.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Over the past 7 years UNRWA and the EU have successfully executed a wide variety of activities that highlight EU support for Palestine refugees across the Agency's fields of operation, targeting a wide range of audiences: from EU Member State decision-makers in Brussels to Palestine refugee students at UNRWA schools in the West Bank, through a variety of activities such as multimedia art competitions for Palestine refugee youth, EU Fun days for children, film festivals, and additional communication outreach activities throughout the five fields have been implemented. Similar and new activities will be supported within the planned 2016 EU-UNRWA Communications and Visibility Plan.

In addition to ongoing visibility activities, to highlight this extra-ordinary contribution and the European Union's continued support for UNRWA education programme, the Agency will organise a one-day event at a selected school in each of its fields of operation (with the exception of Syria). These events will include EU-themed games and activities for students, their families and teachers, serving not only as an opportunity to raise awareness about the European Union and its partnership with UNRWA, but also providing the students with an opportunity to engage in fun activities and relieve stress. Banners and giveaways branded with the EU-logo and the EU-UNRWA Partnership motto will prominently feature throughout the events. Representatives from the respective EU Delegations, and, if possible, 1 from Brussels, will be invited to open the events alongside senior UNRWA officials.

A joint press release announcing the extra-ordinary contribution and visibility events will be prepared and disseminated to media contacts in Europe and to Arabic media outlets. A photo essay featuring select moments from the events will be published on the UNRWA website following the events, which will then be shared via the Agency's social media accounts.

6 PRE-CONDITIONS

None.