

ANNEX I

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

1. DESCRIPTION OF THE OPERATION

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

2. CONTEXT AND DESCRIPTION OF THE OPERATION

2.1. Context of the Operation

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides education, health, relief and social services, microfinance, housing and infrastructural support to approximately 4.9 million registered Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. Established by the UN in 1949 to carry out direct relief and works programmes for Palestine refugees, the Agency began operations in 1950. In the absence of a solution to the Palestine refugee problem, the General Assembly has repeatedly renewed UNRWA's mandate.

The last few years have witnessed growing concern among the refugee community and in the region over the decline in UNRWA services. Successive funding shortages and subsequent austerity measures and cost reductions have prevented programmes from expanding in tandem with the growth in the refugee population. This has led to the reduction of ongoing programme activities and precluded certain actions which normally would be part of UNRWA's regular programme of work. It also had a direct impact on the increased class size in UNRWA schools, rising patient/staff ratios in the health services, and higher caseloads for social workers dealing with the poorest refugees.

UNRWA has more than 30,600 staff posts to cover for services provided to nearly 5 million refugees. The Regular Budget, including the General Fund and in-kind contributions, is the Agency's primary means of sustaining core services. The planned amount for the Regular Budget for 2011 is USD 591 million. According to

UNRWA's projected donor-contribution estimates, a significant portion of this budget is very likely to remain unfunded which would ultimately lead to stringent austerity measures and further cutbacks of basic services. This shortfall would not include funding for emergency appeals, organisational development or specific projects (like Nahr El-Bared).

The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available annually from donors while UNRWA's General Fund costs are highly fixed (85% of expenditure is allotted to its labour force of 30,600 staff). The Agency has a very limited margin for manoeuvre when it comes to making decisions over where further cost reductions can be made. Staff numbers have not been increased to reflect the increased numbers of refugees. Any cuts would have an immediate impact on the level of basic services provided.

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

- The high birth rate in the refugee population means that, even if funding were maintained or even slightly increased, per capita income would drop.
- Reduced donations from a number of donors under the impact of the financial crisis.
- The increase in commodity prices has adversely affected its food aid programme.
- The Agency has been delving into its reserves and effectively living off these in part in recent years. The reserves are gone.
- The situation has been aggravated by exchange rate losses. The Israeli Shekel has gained strength against both the Euro and the Dollar.

In combination with contributions from EU Member States, EU overall contributions in 2011 accounted for 47% of the total support to UNRWA. The EU has been a strong supporter of UNRWA since 1971, becoming in time its largest donor. In the last 10 years, the EU has provided over EUR 1.2 billion in support of UNRWA's work. Nevertheless, efforts at burden-sharing are beginning to bear some fruit.

3. RATIONALE OF THE INTERVENTION

Continued Commission support to UNRWA is an essential element of the EU strategy for the Middle-East Peace Process. One of the key elements of this strategy is to confirm the EU commitment to keep a close watch on the refugee issue, including during final status negotiations.

Since 1971, the EU has contributed annually to UNRWA's Regular Budget. This funding is used primarily to cover the Agency's crucial core programme services in the areas of Health, Education, and Social Services and is essentially used to pay salaries for teachers, doctors and social workers active in the refugee camps. Moreover, UNRWA has committed itself to the concept of prioritization, therefore it is expected that the Agency take additional steps to further prioritise services with a clear focus on the most vulnerable Palestine refugees as stipulated in UNRWA's

2010-2015 Medium Term Strategy. However, successive funding shortages and subsequent austerity measures and cost reductions have prevented programmes from expanding in tandem with the growth in the refugee population. This has led to the reduction of ongoing programme activities and precluded certain actions which normally would be part of UNRWA's regular programme of work.

The present contribution agreement takes into consideration the support UNRWA is receiving from the international community, including EU Member States (EU Member States provided around 25% of their contributions to UNRWA's Regular Budget in 2009). An added element of consideration is the increased burden on the Agency imposed by the ongoing crisis in the West Bank and Gaza Strip, the demographic growth rate of the refugee population, and cost increases due to the higher operational charges related to the movement and access restrictions imposed by Israeli authorities as well as the depletion of all reserves¹.

It is expected that contributions from EU Member States and other donors will be made available during the implementation period to complement the proposed funds. Fluctuations in the exchange rate may have an impact on funding needs. While it is anticipated that payment will be made in early 2012, should the availability of payment credits so allow and subject to the adoption of Amending Budget 6/2011 by the Budgetary Authority, part of the amount [maximum: EUR 15,438.130,-] may be paid in 2011.

3.1. Overall objectives

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

3.2. Specific objectives

Education programme: to provide, within the framework of the curricula prescribed by the host countries and by the Palestinian Authority, general basic education, teacher education and vocational and technical education for Palestine refugees to enhance their educational opportunities at all levels of the educational system.

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

Relief and social services programme: to provide a social safety net for Palestine refugees most affected by poverty promotes the self-reliance of less advantaged members of the refugee community, especially women, children, youth and persons with disabilities.

2012 Gaza Summer Games: A maximum of EUR 1 million may be used to finance the Summer Games for children in Gaza, which provide a much-needed source of entertainment and relaxation for the youth of the Gaza Strip as well as providing an alternative to activities proposed by radical political groups.

¹ The Agency has traditionally used its diminishing reserves towards bridging its chronic funding gaps.

3.3. Expected results

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

3.4. Activities

The main programmes operated by UNRWA include the following activities:

3.4.1. Education Programme

Education services are currently provided through 689 UNRWA elementary, preparatory and secondary schools² and ten vocational training centres (in Jordan, Syria, Lebanon, the West Bank and the Gaza strip) staffed by more than 21,000 teachers and attended by around 480,000 pupils.

In the West Bank and Gaza Strip, the education system as a whole has been severely disrupted by the armed conflict, curfews, closures and access problems since the Intifada. Working conditions for teachers have deteriorated, which has an impact in the staff morale and the difficulty to recruit and retain competent staff.

UNRWA's objectives for the medium term focus on improving the quality of education and ensuring access for all Palestine refugee's children, including those with special educational needs. A comprehensive review of UNRWA's approach to education took place in 2009 and its findings have been shared within the forum of the UNRWA Advisory Commission with host and donors in 2010³. Based on this review, measures to enhance the quality of services will be reflected in the Agency's future reform action plans for the upcoming years.

3.4.2. Health Programme

UNRWA's health programme is community-based, with the emphasis placed on primary health care and with a very selective use of hospital services. Approximately three million refugees (66% of UNRWA registered refugees) make use of UNRWA health facilities. Primary care is provided through UNRWA's own 137 facilities, serving approximately 9.5 million patient visits per year. Secondary care is provided through contractual arrangements with governmental or non-governmental hospitals or through partial reimbursement of the costs of treatment. Two thirds of the refugee population consist of women of reproductive age and children below 15 years of age, thus making maternal and child health, including family planning services, a priority area.

The quality of service delivery is affected by the excessive workloads borne by Agency staff (e.g. agency-wide average of 96 consultations per doctor per day) and chronic staff shortages and difficulties in attracting and retaining qualified staff, deteriorating health infrastructure and outdated equipment as a result of under investment. The cost of medical supplies and hospital care is also rising. UNRWA

² Secondary schools (6) in Lebanon only.

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

aims at reinforcing the staffing of the existing facilities, establishing new ones and renovating and updating existing facilities and medical equipment.

Water, sanitation and environmental conditions are poor, particularly in Gaza, the West Bank and Lebanon. For this reason, the Agency is working to improve the environmental conditions in the camps in coordination with local authorities and with special emphasis on wastewater disposal and solid waste management.

Refugees face the threat of resurging and newly emerging infectious diseases; increased morbidity and mortality from non-communicable diseases; mental and psychological problems; and high prevalence of micronutrient deficiencies. This is leading the Agency to introduce new programmes (mental health, psychosocial counselling) as well as putting in place an active intervention strategy for surveillance, prevention, early detection and management of these diseases in an effort to avoid the high cost of treating their complications/disabling effects at the secondary/tertiary care levels.

3.4.3. Relief and Social Services

The Agency provides eligible refugees with a range of services including food support, shelter rehabilitation, and selective cash assistance for Special Hardship Cases (SHCs). Over 263,000 persons are currently benefiting from the cyclical assistance under this Special Hardship Case programme. This assistance is primarily directed to families headed by women, families without a male adult medically fit to earn an income and to the elderly who can not support themselves.

Moreover, community support services encourages self-reliance in the refugee community through poverty alleviation schemes, and community-based, locally-managed institutions and services concerned with women and development, the rehabilitation and integration of refugees with disabilities, children and youth activities and leadership training. One of these services, the Microcredit Community Support Programme, provides small loans to over 20,000 refugees through group guaranteed lending and individual loan programmes.

4. DURATION AND LOCATION OF THE OPERATION

4.1. Duration of the operation

The overall Operation has an implementation period of 12 months.

4.2. Location of the operation

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

5. IMPLEMENTATION ISSUES

5.1. Implementation method

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

5.2. Procurement and grant award procedures

For agreements with international organisations, all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the international organisation concerned.

6. GENERAL MONITORING OF UNRWA PERFORMANCE

Since 2007, the European Commission has relied on external independent consultants to assess the performance of UNRWA's main operations. The review, conducted on an annual basis, has been based on a predefined set of result-based indicators and targets, as well as specific milestones identified to monitor the implementation of the Organisation Development process.

In 2010, the Agency embarked on an initiative to create a unified reporting framework aligned with UNRWA's Medium Terms Strategy (2010-2015) and Field and Headquarters Implementation Plans. The initiative sought to generate a standardized methodology with a set of indicators for reporting out to donors encompassing reporting timeframes, template and quantitative and qualitative information required.

A harmonized reporting approach would eventually result in reduced transactions costs and better quality of reporting to respective donors. Alignment of reporting would also reflect best practice discussions and recommendations formulated among UNRWA, donors and the evaluation consultants,⁴ in addition to established principles in global forums and studies such as the Paris Declaration⁵ and the High Level Committee on Management Results Reporting Study⁶.

A unified reporting framework aligned with UNRWA's strategy will strengthen the reporting process through the following:

- (a) Use of the Common Monitoring Framework derived from Field Implementation Plans to formulate a robust basket of indicators;

⁴ Refer to 2009 review of UNRWA Programmes funded by the European Commission and to the European Commission UNRWA Joint Review dated January 20, 2010. Framework for Co-operation between UNRWA and the United States of America, 2010 and Review of Statistical and Reporting Processes in UNRWA, 2010.

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

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

- (b) Incorporating donor 'core' or legislatively required indicators to the basket of indicators already in place;
- (c) Applying a results- analysis methodology for each indicator and, where possible, disaggregating the Agency achievement by Field Office or gender; and
- (d) Using one template and a set periodicity.

In April 2011, the Agency published the first Harmonized UNRWA-Donor Monitoring and Evaluation Matrix for the period ended December 31, 2010. Internally, the results aggregation and qualitative analysis were consistent and well communicated. However, the process encountered a few challenges; mainly the volume of indicators, the unique nature of some of the indicators (i.e., field specific) and, due to the implementation of transformational changes in some programs, a number of indicators were not reportable (e.g., monitoring learning achievement testing). The Matrix continues to be under review by the Department for International Development (DFID) and the EU in order to use it as the primary vehicle for performance reporting.

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

Over the past year, comments received from donors included the need to include more indicators on efficiency, effectiveness and processes. The Agency is currently revising its Monitoring and Evaluation Matrix in close coordination with major donors including the United Kingdom, the United States, Australian Aid and the EU. The Agency is expected to present a final version of the Matrix by November 2011 within the forum of UNRWA Advisory Commission. Once acknowledged, the Matrix will serve as the primary performance monitoring tool for the planned contribution agreement foreseen within the framework of this decision.

ANNEX II

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

1. IDENTIFICATION

Title/Number	PEGASE: Support to Recurrent Expenditures of the Palestinian Authority – 2011/2012		
Total cost	EU contribution: EUR 105 million maximum		
Aid method / Method of implementation	Project approach – direct centralised management		
DAC-code	16010	Sector	Social/welfare services

2. RATIONALE

2.1. Sector context

Since its establishment in early 2008, the PEGASE mechanism (French acronym for Mécanisme "Palestino - Européen de Gestion et d'Aide Socio-Economique") provided direct financial support for the Palestinian Reform and Development Plan (PRDP). Through this support, PEGASE sustained the Palestinian Authority's (PA) efforts in the four PRDP key sectors of governance, social development, economic and private sector development and public infrastructure.

The PRDP, presented by the Palestinian Authority for a three-year term (2008-2010), received an unprecedented level of external support in 2008 that was maintained at a reduced but still high amount in 2009 and 2010. The PRDP was superseded in 2011 by the National Development Plan, "Establishing the State - Building our Future", covering the period 2011-2013. The plan focuses on the legal framework, organisational structures and processes, the use of technology in government, the management of financial resources and the management of human resources in civil and security sectors based on 23 sector strategies. The EU has expressed its support for Prime Minister Fayyad's plan. Since mid-2011, the PA has been experiencing a serious fiscal crisis as not enough donor funds have been made available to cover its budget deficit. The financial gap for the fiscal year 2011 is estimated at around USD 300 million for its recurrent budget needs and at around USD 200 million for its development budget. Although no concrete budget data for the fiscal year 2012 is available yet, the outlook remains challenging. In 2011, EUR 145 million were provided for recurrent expenditures from the EU Budget through the PEGASE mechanism. These funds were complemented with funds from EU Member States, albeit thus far at a low level. So far in 2011, Member States have committed only EUR 6.1 million to PEGASE. Sweden has made a contribution for SEK 40 million (approximately EUR 4.3 million) to cover salaries and Finland has made a total contribution of EUR 2 million for social allowances to vulnerable Palestinian families and to cover salaries (EUR 1 million respectively). France has also made a contribution of USD 14.6 million to the PA, but not through PEGASE. Some Member States have contributed to the World Bank Trust Fund; however, the Ministry of Finance does not report on individual national contributions to the Fund.

It is hoped that further contributions from EU Member States will be made during the budget year 2011 and 2012.

Other donors are also providing support for direct financial assistance through non-PEGASE channels, including directly to the PA budget or via the World Bank Trust Fund. Further support has been received from the USA (USD 51.7 million); Algeria (USD 53.2 million); Saudi Arabia (EUR 183 million); Oman (USD 9.9 million); United Arab Emirates (USD 41.6 million); Egypt (USD 1.7 million) and the World Bank Trust Fund (USD 116.7 million). Additional support from Arab donors and from the United States of America (USA) is hoped for, but not yet confirmed.

2.2. Lessons learnt

Actions under PEGASE build upon the successful experience of the Temporary International Mechanism in 2006 and 2007. PEGASE is implemented in full co-ordination with Palestinian partners and in full co-operation and transparency with EU Member States, the European Parliament and other donors. It is particularly appreciated by the Palestinian Authority for its alignment with the PRDP and the National Development Plan and the strong sense of ownership on the part of Palestinians, as well as for its flexibility and its catalytic nature in attracting funds from other donors without multiplying transaction costs.

A mid-term review of the PEGASE Mechanism was launched by the Commission late 2009, the results of which showed that the flexibility in planning and implementation, the highly competent and professional staff and the use of well proven management systems while continuously innovating improved and new approaches, contributed to the success of this mechanism.

2.3. Complementary actions

So far in 2011, a total of EUR 436.34 million has already been committed by the European Union for the benefit of the Palestinian population: EUR 302.5 million from European Neighbourhood and Partnership Instrument (ENPI) allocations, out of which EUR 145 million for PEGASE support to recurrent expenditure and EUR 82.4 million for United Nations Relief and Works Agency's (UNRWA) General Fund. A further EUR 75 million has been allocated for projects aimed at social and economic development and institution-building in support of the Palestine National Development Plan. UNRWA has also received a further EUR 5 million allocation from the Food Security Budget Line to provide assistance for its Social Safety Net Programme to provide nutrition for those refugees living in absolute poverty. As humanitarian assistance to the Palestinian population in the Occupied Palestinian Territory (West Bank and Gaza Strip) and to Palestine refugees in Lebanon and Syria EUR 63 million have been committed. A further EUR 13.88 million has been mobilised from the Food Security budget line for civil society initiatives from the European Instrument for Human Rights and Democracy and the thematic line Non State Actors and Local Authorities in Development. EUR 30 million has been mobilised from the Instrument for Stability for actions aimed at improving the economic situation in the Gaza Strip.

Local donor co-ordination has been streamlined in accordance with the conclusions of the Ad-Hoc Liaison Committee (AHLC) meeting held 14 December 2005 in London following a proposal by the Commission, the World Bank and Norway to reform the Aid Management Structures. The Commission continues to play a leading role in these structures at all levels, as well as in local EU Member States co-ordination. Complementarity and co-ordination with other EU actions are assured through regular co-ordination meetings at Headquarters and daily contacts between staff working in the European Union Representative Office (EUREP) in East Jerusalem. The PA made known to potential donors at the Sharm-el-Sheik Conference in March 2009 that PEGASE was amongst its preferred delivery mechanism for channelling funds.

3. DESCRIPTION

3.1. Objectives

The objective of this action to be implemented through PEGASE is to support the Palestinian National Development Plan by helping the PA to:

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

3.2. Expected results and main activities

Three categories of public expenditure are in principle eligible for support under this action, for a total amount of EUR 105 million which follows previous decisions committed on 2009, 2010 and 2011 funds.

Component 1: Supporting Palestinian administration and services (Indicative allocation EUR 85 million)

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

Component 2: Supporting the Palestinian social protection system (Indicative allocation EUR 10 million)

The EU will make available at regular intervals direct financial support to vulnerable families in the West Bank and the Gaza Strip. The objective of this activity is to

ensure the continued assistance to poor and vulnerable Palestinian families dependent on financial aid from the PA. This activity reinforces the reform of the social protection system and improves PA public finances by reducing pressure on the budget by reducing expenditure through the coverage of allowances due to the beneficiaries of the Ministry of Social Affairs' cash support programme.

Component 3: Private Sector Arrears (Indicative allocation EUR 10 million)

The PA seeks to develop a market economy led by the private sector. The EU supports the creation of a proper environment for Palestinian businesses to flourish by providing a facility for the payment of debts which the PA has built up towards private sector businesses for the purchase of goods and services. These contributions have resulted in a rapid injection of funds into the economy, providing relief to Palestinian businesses and raising their purchasing power. They further secured the employment of thousands of Palestinian workers and consequently, ensured that the provision of services to the administration could continue. The situation has become particularly acute in the health sector.

3.3. Risks and assumptions

It is expected that contributions from Member States and other donors will be made available during the implementation period to complement the proposed funds. Fluctuations in the exchange rate may have an impact on funding needs. While it is anticipated that payment will be made in early 2012, should the availability of payment credits so allow, and subject to the adoption of Amending Budget 6/2011 by the Budgetary Authority, part of the amount [maximum EUR 45 million] may be paid in 2011.

Full co-operation with the Palestinian Authority is essential. This co-operation needs to be maintained, in particular for the identification of eligible beneficiaries and timing of payments and for the identification of eligible expenditure.

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

3.4. Cross-cutting Issues

Good governance principles are applied to the implementation mechanism and ownership on the part of the PA is assured. The actions proposed provide services vital to the social and economic rights of the Palestinian population.

3.5. Stakeholders

The direct beneficiary of the action is the Palestinian population.

Eligible beneficiaries and expenses are identified through a system based on strict and objective criteria set by the European Commission and based upon requests and information provided by the Palestinian Authority.

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

PEGASE will be co-ordinated locally with the EU Member States, other international donors and international organisations. In order to do so, full use will be made of the existing local co-ordination groups already in place such as the Local Development Forum, the AHLC structures, the co-ordination meeting between Member States and the EU Delegation.

All donors supporting the mechanism will also be key stakeholders.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

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

PEGASE will be implemented by the Commission through the EU Representative Office in East Jerusalem, in close co-ordination with Member States officials and with the Palestinian Authority.

Disbursements will be made by the Commission either directly to the eligible beneficiaries of the Vulnerable Palestinian Families and Civil Servants and Pensioners programmes following eligibility checks and verification and control procedures by external experts and international audit firms.).

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

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

The Occupied Palestinian Territory (West Bank and Gaza Strip) is facing a crisis, as defined in Article 168(2) of the Implementing Rules of the Financial Regulation. As a result negotiated contracting procedures or direct award for grant contracts may be used in accordance with applicable provisions.

4.3. Budget and calendar

The maximum contribution to PEGASE – Support to Recurrent Expenditures of the PA under this decision is EUR 105 million. The contribution is indicatively distributed as follows:

Component 1: Supporting Palestinian administration and services (EUR 85 million)

Component 2: Supporting the Palestinian social protection system (EUR 10 million)

Component 3: Private Sector Arrears (EUR 10 million)

All allocations are indicative and may be changed depending on the needs expressed by the PA and the funds received from other donors for specific areas covered by PEGASE.

It is anticipated that, as in earlier years, other donors will make considerable contributions.

The period of implementation of the current action is 24 months. The funds under this Decision are however expected to be totally disbursed by the end of 2012.

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

4.4. Performance monitoring

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

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

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

4.5. Evaluation and audit

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

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

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

In addition, a mid-term evaluation of PEGASE was carried out. The results of this evaluation were taken into account in future funding proposals. Preparations for a comprehensive evaluation report covering the first three years of the PEGASE are underway. Mid term evaluations will be performed every 18 months and final evaluation after a 3-year implementation period in line with the PA development planning cycle

4.6. Communication and visibility

The action will follow the EU visibility guidelines.

Progress of PEGASE implementation will be communicated regularly to all stakeholders, including through a monthly bulletin. Regular information meetings are held with Member States in Brussels as well as locally.