1. **Identification**

<table>
<thead>
<tr>
<th>Title</th>
<th>UNRWA: Support to Reform the Special Hardship Case Programme and Organisational Development Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>€5 million</td>
</tr>
<tr>
<td>Aid method / Management mode</td>
<td>Project approach – joint management with an international organisation</td>
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<tr>
<td>DAC-code</td>
<td>72030</td>
</tr>
</tbody>
</table>

2. **Rationale**

2.1. **Sector context**

In June 2007, about 4.5 million refugees were registered within UNRWA in its 5 fields of operation. Out of them 250,742 were beneficiaries of the Agency's Special Hardship Cases (SHCs) Programme which consists mainly in providing registered SHCs with a yearly allocation of US$110, split into food rations (US$70) and cash subsidies (US$ 40).

In order to target more efficiently the beneficiaries of the programme, the EC has been funding the reform of the programme since 2005. The reform consists mainly in modifying the selection process of the beneficiaries, from the current status-based approach to a need-based approach. The implementation of the reform, supported by EC funding, started in 2007 in the Gaza Strip.

Complementing the SHC reform process is UNRWA's Agency-wide Organisational Development (OD) plan. The origins of the OD plan follow the Geneva Conference held in June 2004. This conference identified numerous areas where improvements could be made in the responsiveness, effectiveness and efficiency of the Agency's operations in providing high-quality services for Palestinian refugees, consistent with UN and regional standards.

2.2. **Lessons learnt**

The present project will build on the results achieved so far by the SHCs programme reform project. The EC has been supporting this reform project since 2005. This support mainly consists in the funding of a senior poverty adviser post within UNRWA's Social and Relief Department. The Department has completed the preliminary work in four fields of operation and the concrete implementation of the reform started in Gaza in 2007.

After one full year of implementing the OD reform plan, there are clear indications that this institutional reform is manifestly on track and gaining momentum across the Agency. The close follow up of the Advisory Commission (AdCom) was key in
maintaining momentum for the development of this reform plan. EC strong involvement in the AdCom will be therefore continued.

2.3. Complementary actions

Since 2000, the European Commission has provided some €15 million annually to UNRWA’s Regular SHCs Programme making it the largest contributor towards this programme. The European Commission’s contribution towards the 2007 Regular SHCs Programme amounted to €19 million. From 2008 onwards, ECHO will assume support towards this programme according to its specific mandate.

With regards to the OD Plan and since the Geneva Conference, the EC has been very active in all initiatives in support of UNRWA's management reform designed to strengthen the Agency's capacity to serve Palestine refugees more effectively. As of January 2007, the EC has been chairing the Advisory Commission Sub-committee on Programming which examines issues related to UNRWA’s regular, project and emergency programming as well as issues related to strategic planning, implementation and evaluation of UNRWA programmes as tasked by the Advisory Commission and for the benefit of Palestine refugees.

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

2.4. Donor coordination

The EC has been an observer of the UNRWA Advisory Commission since 2006, the main body where donors and host countries coordination takes place. This structure was expanded and reinvigorated and should plays a vital role in enhancing the dialogue between the various stakeholders, providing advice and assistance to the Agency, for the final benefit of the refugees. More recently, since January 2007, the EC has been chairing the sub-committee on Programming of the Advisory Commission.

3. DESCRIPTION

3.1. Objectives

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

The specific objectives are i) to contribute to the eradication of abject poverty among the refugee population in Gaza and eventually to be rolled-out the Agency's other fields of operation and iii) to support the Agency's management reform process.

3.2. Expected results and main activities

The expected result is the uplifting of refugees from abject poverty. The poverty gap of current beneficiaries of the SHC programme falling below the abject poverty line will be addressed. The abject poor not registered as SHCs will be embraced by the
programme. The main activity of the proposed action will consist in delivering allowances to the abject poor.

With regards to the OD plan, the expected result is to improve the responsiveness, effectiveness and efficiency of the Agency's operations towards providing high-quality services for Palestine refugees.

3.3. Stakeholders

The direct beneficiaries of this programme are Palestine refugees. Indirectly the SHC programme reform process should benefit non-refugees through exchanges of experiences between UNRWA and Palestinian Authority Ministry of Social Affairs.

3.4. Risks and assumptions

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

3.5. Crosscutting Issues

Good governance is integrated through the ongoing reforms of UNRWA administration and management. UNRWA is prioritising human development including protection of refugees in its reform agenda within the OD process.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

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

4.2. 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.

4.3. Budget and calendar

The total EC financial contribution to the project amounts to €5 million. At this stage the indicative breakdown will be as follows:

Support to the SHC Programme: € 4,000,000
Organisational Plan Support: € 1,000,000
Total: € 5,000,000

The implementation of the programme will last for 24 months from the date of the signature of the contribution agreement between UNRWA and the EC.
4.4. **Performance monitoring**

Achievements will be monitored regularly by UNWRA and the results will be reported regularly to the EC. The monitoring will cover both the SHC programme reform process as well as the Organisational management reforms.

4.5. **Evaluation and audit**

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

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

4.6. **Communication and visibility**

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