



**UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES IN THE NEAR EAST**



August 2013

CONTENTS

	Acronyms	iv
Chapter	TITLE	
I.	INTRODUCTION TO 2014-2015 BIENNIUM BUDGET	1
	Context	2
	Planning Assumptions	5
	Budget Structure	7
	Human Resources	17
	Financial Situation	19
II.	A LONG AND HEALTHY LIFE	25
	Universal access to quality, comprehensive primary health care	30
	Sustained protection and promotion of family health	31
	Ensured prevention and control of diseases	32
III.	ACQUIRED KNOWLEDGE AND SKILLS	33
	Universal access to and coverage of basic education	40
	Educational quality and outcomes against set standards are enhanced	41
	Improve access to educational opportunities for learners with special education needs	42
IV.	A DECENT STANDARD OF LIVING	43
	Reduced poverty among the poorest Palestine refugees	52
	Inclusive financial services and increased access to credit and savings facilities are increased	53
	Enhanced skills and improved access to employment for Palestine refugees	54
	Sustained camp development and upgraded substandard infrastructure and accommodation	55
V.	HUMAN RIGHTS ENJOYED TO THE FULLEST	56
	Rights of Palestine refugees are safeguard and advanced	64
	Strengthened capacity of refugees to formulate and implement sustainable social services in their communities	65

	Palestine refugee registration and eligibility for UNRWA services are in accordance with relevant international standards	66
VI.	EFFECTIVE AND EFFICIENT GOVERNANCE AND SUPPORT IN UNRWA	67
	Provide leadership strengthen governance and foster partnerships	73
	Develop and sustain UNRWA, enabling it to carry out its mandate	74
VII.	UNBOA RECOMMENDATIONS – IMPLEMENTATION STATUS	76
VIII.	WORKLOAD INDICATORS AND STATISTICS	77
IX.	ACCRUAL BUDGETING: FROM IPSAS TO UNSAS	78

Acronyms

A	
ANC	Anti-Natal Care
C	
CAF	Currency Adjusting Factor
CAPEX	Capital Expense
CBO	Community Based Organization
CBT	Competency Based Training
CIP	Camp Improvement Plan
D	
DIFOTIS	Delivery in Full on Time in Specification
E	
EMIS	Education Management Information System
ERP	Enterprise Resource Planning
ERCD	External Relations and Communication Department
F	
FHT	Family Health Team
G	
GF	General Fund
GIZ	Gesellschaft für Internationale Zusammenarbeit
H	
HDG	Human Development Goal
HQ	Headquarters
HRCRT	Human Rights Conflict Resolution & Tolerance
I	
ICIP	Infrastructure & Camp Improvement Programme
ICT	Information, Communication and Technologies
ILO	International Labour Organization
IPSAS	International Public Sector Accounting Standards
L	
LDC	Limited Duration Contract
M	
MCH	Mother Child Health
MD	Microfinance Department
MDG	Millennium Development Goal
MLA	Monitoring Learning Achievements
MTS	Medium Term Strategy
N	
NCD	Non-Communicable Disease
O	
oPt	occupied Palestinian territory
P	
PA	Palestinian Authority
PMTF	Proxy Means Testing Formula
PRS	Palestine Refugee from Syria
PSC	Programme Support Costs
R	
RB	Regular Budget
RMS	Resource Mobilization Strategy
RRIS	Relief and Registration Information System
RSS	Relief and Social Services
S	
SAR	Syrian Arab Republic
SEN	Special Education Needs

SHC	Special Hardship Cases
SHAP	Special Hardship Assistance Programme
SOA	Special Occupational Allowance
SPOA	Senior Professional Officer Allowance
SSNP	Social Safety Net Programme
T	
TVET	Technical & Vocational Education & Training
U	
UN	United Nations
UNBOA	United Nations Board of Auditors
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSAS	United Nations System Accounting Standards
USD	United States Dollars
V	
VTC	Vocational Training Centre
W	
WHO	World Health Organization
X	
XB	Extra Budget

INTRODUCTION TO 2014-2015 BIENNIUM BUDGET

- 1.1 The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established within the United Nations (UN) system as a subsidiary organ of the General Assembly by the Assembly in its resolution 302 (IV) of 08 December 1949 and became operational on 1 May 1950. It is one of the largest United Nations programmes, with a population of 4.9 million Palestine refugees covered by its mandate in 2013. Since starting operations in 1950, UNRWA has adapted and enhanced its programmes to meet the increasingly complex needs of Palestine refugees and to provide them with a measure of protection and stability amid chronic conflict in the region, within available resources. It stands ready to continue to do so during the biennium 2014-2015 in accordance with triennial mandate that it receives from the Assembly.
- 1.2 The mission of UNRWA is to help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live, consistent with internationally agreed goals and standards. The Agency fulfills this mission by providing a variety of essential services within the framework of international standards to Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Among United Nations Agencies, UNRWA is unique in delivering services directly to beneficiaries. UNRWA's mandate which derives from the General Assembly and has evolved over time in response to developments in the operational context, extends at present to providing education; health; relief and social services; microfinance and emergency assistance to Palestine refugees; infrastructure and camp improvement within Palestine refugee camps; and protection.

CONTEXT

- 1.3 The Middle East region, where UNRWA operates, is unstable and prone to outbreaks of conflict. Today, UNRWA is facing quite unprecedented challenges in all of its fields of operation. It is no exaggeration to say that each and every field of operation is affected by crises of varying intensity, further straining UNRWA's limited resources and therefore its ability to serve around five million Palestine refugees in Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Access problems in the West Bank, the continuing blockade on Gaza, the conflict in SAR and its impact on Jordan and Lebanon, the serious financial constraints, and security concerns are only some of the difficulties the Agency is faced with on a daily basis. Despite these difficulties, UNRWA, which is seen by many as a stabilizing influence in this volatile region, is doing its utmost to continue providing essential, regular services directly to Palestine refugees.
- 1.4 The Agency has also provided emergency assistance to Palestine refugees in acute distress within its areas of operations as a result of armed conflict, including military operations, humanitarian access restrictions and prolonged economic hardship in several fields of operation. UNRWA will continue to provide such services, as necessary, as well as, on an exceptional basis and as a temporary measure, services to non-refugees currently displaced and in serious need of continued assistance, as mandated by the General Assembly in its resolution 2252 (ES-V) and most recently in its resolution A/Res/66/73.
- 1.5 UNRWA will also continue its efforts to mainstream gender and meet the needs of Palestine refugee children and vulnerable groups, and to develop further the Agency's protection, programming, operation and advocacy responses, thereby bringing UNRWA closer to fulfilling its obligations under relevant resolutions of the General Assembly, international human rights law, the Beijing Platform for Action, the Convention on the Rights of the Child, the Convention on the Rights of Persons with Disabilities and other applicable international instruments.

- 1.6 The core services, UNRWA provides are comparable in nature and scope to those provided by a local or national government. With around 30,000 staff, most of whom are Palestine refugees themselves, UNRWA is one of the largest employers in the Middle East. Over 480,000 children go to UNRWA schools, run by around 22,000 Education staff. UNRWA's 139 Health Centers across the region received over 10 million patient visits last year. The Agency also assists close to 280,000 of the poorest and most vulnerable Palestine refugees with additional assistance provided by a reformed Society Safety Net (SSN) programme targeting the poorest of the poor. Persons with other special needs, such as people with disability, also benefit from specialized services in the Agency's Health Centers. Gender continues to be mainstreamed into UNRWA's core programmes. The financial, operational, security, and other challenges in providing these services on a regular and predictable basis are daunting
- 1.7 In Gaza, where 70 per cent of its 1.6 million people are Palestine refugees, the violent conflict of November 2012 yet again aggravated the already dire situation of a vulnerable people who feel abandoned by the international community. Poverty is endemic; no less than two thirds of the Palestine refugee population is food insecure and requires food aid. The Gazan economy has been crippled by the blockade imposed six years ago. The draconian restrictions on the movement of people and goods in and out of Gaza paralyse economic activity, particularly exports which are virtually non-existent, deepen poverty, and force Palestinians into even greater reliance on the international community. In addition to its regular services in Gaza that deliver education, health and relief services directly to the vast majority of Palestine refugees, UNRWA's Emergency Programmes in Gaza include the creation of temporary jobs, provision of food aid, and other interventions including emergency health and education, and psycho-social support.
- 1.8 Despite the Agency's important accomplishments in mitigating the severe effects of conflict in Gaza, of the blockade, and of the rampant poverty, conditions of life in Gaza – already unacceptable – may worsen considerably in the medium term.

A 2012 UN report – “Gaza 2020” – set out in stark terms the future challenges in Gaza, which will come to pass in the absence of sustained and effective remedial action and an enabling political environment. UNRWA will have to provide services for an estimated additional 350,000 Palestine refugees by 2020. There will be virtually no reliable access to sources of safe drinking water. Standards of healthcare and education will further decline and affordable and reliable electricity for all will have become a distant memory for most. The already high number of poor, marginalized and food-insecure people who are dependent on assistance will grow relentlessly. The burden on UNRWA and the international community will only rise.

- 1.9 In the West Bank a regime of movement restrictions is stifling normal economic activity of the Palestinian population. Continued settlement expansion and settler violence are having a serious impact on some of UNRWA’s more vulnerable beneficiaries such as the Bedouin, and Palestine refugee communities in the Jerusalem periphery. As a result of the restrictions and settlement expansion, Palestine refugees continue to be isolated from their land and places of work, from vital markets, from essential services including hospitals and schools. The impact on Palestinians is severe, making many vulnerable communities even more reliant on UNRWA’s services.
- 1.10 The catastrophic conflict in SAR is progressively unraveling the fabric of the Palestine refugee community and exacerbating Palestine refugees’ vulnerability. UNRWA now needs to assist the Palestine refugee population of 525,000 persons, including the 70,000 that are estimated to have fled to neighboring countries, mostly to Lebanon. Many UNRWA installations have been damaged or destroyed in SAR. Six UNRWA staff have been killed since the start of the conflict in 2011, not to speak of the huge number of casualties amongst the rest of the population. In common with other UN agencies, UNRWA is seeking additional resources to meet the needs of the Palestine refugees arising from the emergency.
- 1.11 In Lebanon, Palestine refugees cannot work legally, approximately 80 per cent of the 27,000 Palestine refugees from Nahr El-Bared Camp destroyed in 2007 have

not returned to their homes, and the number of persons fleeing SAR into Lebanon continues to increase thereby heightening tensions in Lebanon's already overcrowded Palestine refugee camps which are the only possible destination for most Palestine refugees. To the concern of the international community, the much feared regional spillover of the Syrian conflict is apparently being realized in Lebanon, further threatening the fragile life of Palestine refugees from SAR.

- 1.12 In Jordan, thus far the most stable field of operations, mounting political tensions and the massive influx of Syrian refugees risks negative spillover effects on the large population of Palestine refugees (approximately two million registered with UNRWA). Poverty is rampant in refugee camps. Amidst these existing challenges in Jordan, UNRWA is also providing emergency assistance to Palestine refugees displaced from SAR.
- 1.13 As UNRWA's direct services are critical for the wellbeing of Palestine refugees throughout the region, if UNRWA's financial situation does not improve, the impact on its beneficiaries will be immediate and substantial. While UNRWA's extra-budgetary contributions have risen gradually over the years, they have not kept pace with an increasing beneficiary population and rising operational costs.

PLANNING ASSUMPTIONS

- 1.14 UNRWA is almost entirely dependent on voluntary funding to implement its programmes. It has contended not only with chronic funding shortfalls, but also with acute funding uncertainties induced by economic and political volatility. The Agency will continue to seek the additional resources it needs to improve the quality of services it provides to the Palestine refugees, while maintaining cost-conscious management and the operational flexibility required to respond to unforeseen disruptions to lives and livelihoods in Palestine refugee communities.
- 1.15 UNRWA fully recognizes that central to its commitment to address the needs of beneficiaries and address financial difficulties is a need for it to make substantial improvement in how it operates. UNRWA is proud of its continued efforts to enhance its effectiveness through reforms. Our current education reforms seek to

improve the capacity of teachers to deliver quality education to Palestine refugee children, and to ensure Palestine refugee children acquire the knowledge and skills they need to lead more secure and productive lives. In the Agency's Health Programme, a reform package introducing the Family Health Team (FHT) approach was adopted in late 2011. The Family Health Team model provides comprehensive and holistic primary health care for the entire family, emphasizing long-term provider-patient/family relationships.

- 1.16 UNRWA is furthermore undertaking forward-looking steps in order to mitigate poverty amongst Palestine refugees. The Relief and Social Services Programme is currently piloting poverty alleviation initiative in Gaza based on voluntarism, youth mobilization and greater involvement of the community in fighting poverty. It must, however, be acknowledged that alleviating poverty amongst the Palestine refugee population would require a substantial investment – both financially and politically – by host countries and donors and the active involvement of partner organizations including other parts of the United Nations.
- 1.17 Staff costs constitute the bulk of UNRWA's budget (see Table 7 below). This is because the day to day direct delivery of services requires a large number of staff (some 30,000) including teachers, doctors, nurses, social workers and sanitation labourers. UNRWA's pay policy dictates that the Agency should pay salaries that are comparable to the salaries paid to public servants in the host country. Increases in public servant salaries in host countries, often to respond to increases in inflation and cost of living, result in higher costs for the Agency. Meanwhile, donor countries seek improved (or maintained) quality in services at reduced cost, where possible, while Palestine refugees need greater quality and increased breadth and depth of service. Consequently UNRWA is faced with increasing demands and expectations from all of its primary stakeholders, amidst a constrained resource base and increasing operational costs.
- 1.18 The operating context in SAR has changed substantially since the 2012-2013 biennium plans were developed and the 2014-2015 fascicle was submitted. The 2014-period is expected to be characterized by widespread instability, resulting in

the continued substantial displacement of Palestine refugees and a deepening humanitarian crisis. Consistent with wider UN planning scenarios, UNRWA assumes that the current situation in SAR will continue or worsen through the planning horizon. There will be a significant and widespread shrinking of humanitarian space, with regular suspension of UNRWA services. However, UNRWA will continue to have access to most of its facilities. The plan focuses on supporting the UN's regional humanitarian response to the SAR crisis, and on providing life-saving humanitarian assistance and on-going UNRWA services to Palestine refugees inside SAR, while also continuing to advocate for their rights.

BUDGET STRUCTURE

- 1.19 UNRWA reports directly to the General Assembly. Overall advice and support to the Commissioner-General regarding UNRWA programmes and activities are provided by the 28-delegation Advisory Commission (comprising 25 members and 3 observers), which includes representatives of the Agency's major donors and host Governments. In its resolutions 3331 B (XXIX), the Assembly decided that, with effect from 1 January 1975, the expenses for salaries of international in the service of UNRWA, which would otherwise have been charged to voluntary contributions, should be financed by the regular budget of the United Nations for the duration of the Agency's mandate (see further Figure 1).
- 1.20 UNRWA's budget structure reflects the Medium Term Strategy (MTS) for the period 2010–2015 and is based on the Implementation Plans prepared for each Field and for UNRWA Headquarters for the third biennium of the MTS. The chapters that follow and the expected accomplishments, indicators of achievement and measurements set out there in reflect UNRWA's on-going commitment to results-based management.
- 1.21 The MTS identifies four human development goals for Palestine Refugees, namely, to:
- a) Have a long and healthy life;
 - b) Acquire knowledge and skills;

- c) Have a decent standard of living; and
- d) Enjoy human rights to the fullest extent possible.

1.22 The Agency links financial resources to the above goals and the underlying framework of strategic objectives, outcomes and outputs.

1.23 In compliance with Regulation 9.2 of the updated Financial Regulations (IPSAS compliant), the Biennium Budget is presented as per modified cash basis (UNSAS) principles. As for internal management purposes, the Budget is also maintained to comply with IPSAS (Accrued Budgeting) principles, the 2014-2015 programme budget also includes one chapter (IX) representing a reconciliation from IPSAS to UNSAS.

1.24 **The following pages contain the listed summary tables:**

Figure 1: An Organizational Chart of UNRWA broken down by Department and Area of Operations showing the number of international and area staff located in each Field / Department.

Table 1-1: A summary of the Programme Budget for 2014–2015 broken down by Human Development Goal and other requirements under Regular Budget and Project Budget.

Table 1-2: A summary of the Programme Budget for 2014–2015 broken down by Programme and other requirements under Regular Budget and Project Budget.

Table 2 and Figure 2: A breakdown of the Regular Budget by Field and HQs with comparative figures for the biennia 2010-2011; 2012-2013 and 2014–2015.

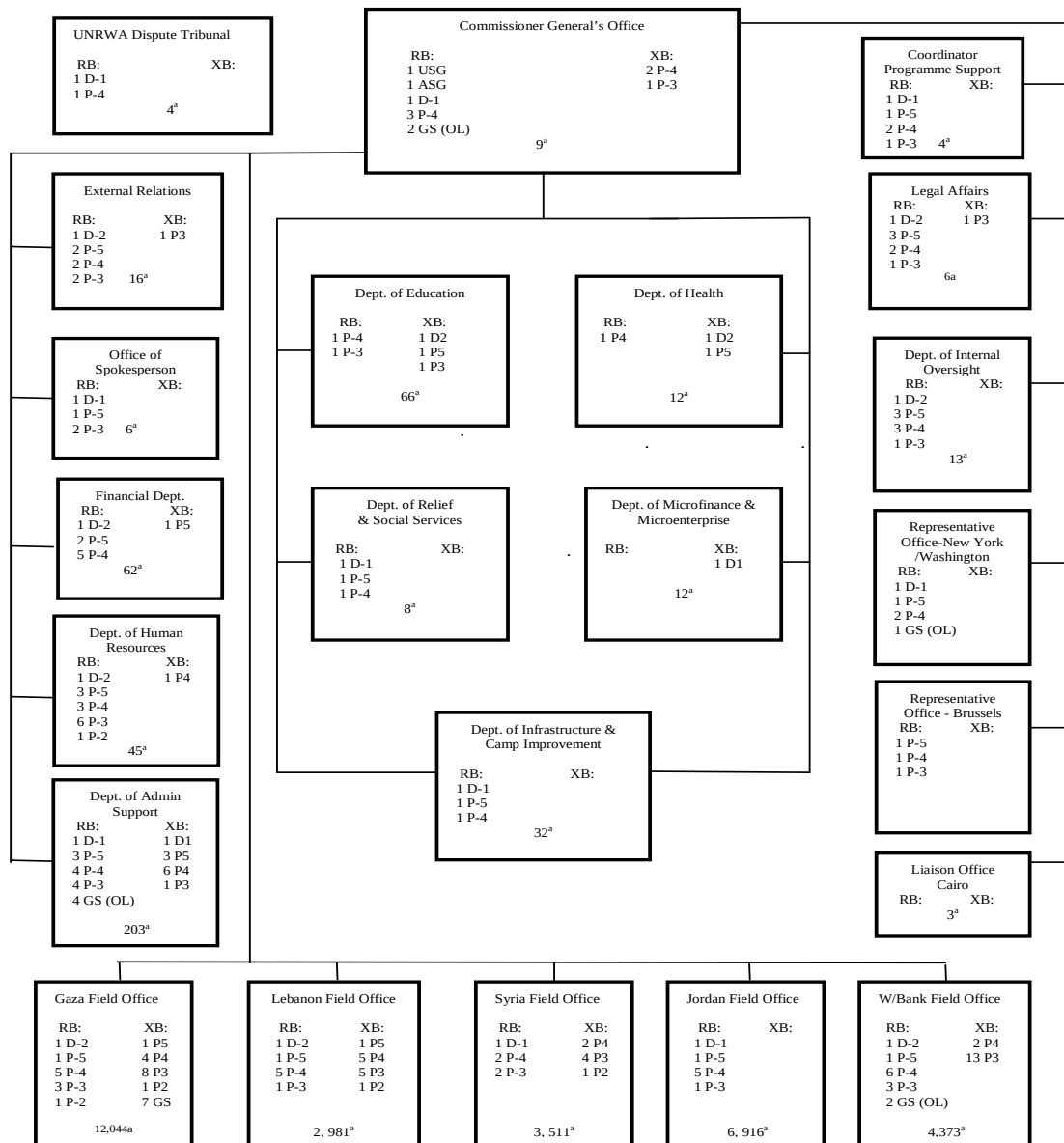
Table 3 and Figure 3: A breakdown of the Regular Budget by Human Development Goal with comparative figures for the biennia 2010-2011; 2012-2013 and 2014–2015.

Table 4 and Figure 4: A breakdown of the Regular Budget by Resources with comparative figures for the biennia 2010-2011; 2012-2013 and 2014–2015.

Table 5 and Figure 5: A breakdown of Project Budget by Human Development Goal and Field Office / HQs.

FIGURE 1: UNRWA's ORGANIZATIONAL CHART BY FIELD AREA / DEPARTMENT

*United Nations Relief and Works Agency for Palestine Refugees in the Near East
Organizational structure and post distribution for the biennium 2014-2015.*



Note:

- There are 79 international posts that are funded through extra-budgetary resources.
- Abbreviations: USG, Under Secretary-General; ASG, Assistant Secretary-General; RB, regular budget; XB, extra-budgetary; GS, General Service; OL, Other Level.
- ^a Local posts 30,314 excluding 12 posts in Microfinance Department (MD)

TABLE 1-1 BIENNIUM BUDGET 2014-2015
Summary of 2014-2015 Agency Wide Total Budget Volume by Human Development Goal
(USD'000s)

Goal	2014 Fiscal Year					2015 Fiscal Year					2014-2015 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash ¹	In Kind	Total			Cash ¹	In Kind	Total			Cash ¹	In Kind	Total		
A Long and Healthy Life	124,787	1,730	126,517	19,954	146,471	132,195	1,730	133,925	24,304	158,229	256,982	3,460	260,442	44,258	304,700
Acquired Knowledge and Skills	348,094	530	348,624	12,173	360,797	358,048	530	358,578	8,186	366,764	706,142	1,060	707,202	20,359	727,561
A Decent Standard of Living	76,783		76,783	205,639	282,422	75,939		75,939	201,606	277,545	152,722	-	152,722	407,245	559,967
Human Rights Enjoyed to the Fullest	3,861		3,861	4,515	8,376	3,947		3,947	353	4,300	7,808	-	7,808	4,868	12,676
Effective and efficient governance and support in UNRWA	121,120		121,120	5,154	126,274	112,537		112,537	3,970	116,507	233,657	-	233,657	9,124	242,781
Total Goal Requirements	674,645	2,260	676,905	247,435	924,340	682,666	2,260	684,926	238,419	923,345	1,357,311	4,520	1,361,831	485,854	1,847,685
Contingency Reserve ²	14,000		14,000		14,000	14,000		14,000		14,000	28,000	-	28,000	-	28,000
Salary Reserve ³	8,900		8,900		8,900	15,000		15,000		15,000	23,900	-	23,900	-	23,900
VAT Reserve ⁴	15,000		15,000		15,000	15,000		15,000		15,000	30,000	-	30,000	-	30,000
Budget Risk Reserve ⁵	16,761		16,761		16,761	14,834		14,834		14,834	31,595	-	31,595	-	31,595
Total Other Requirements	54,661	-	54,661	-	54,661	58,834	-	58,834	-	58,834	113,495	-	113,495	-	113,495
Total Resource Requirements	729,306	2,260	731,566	247,435	979,001	741,500	2,260	743,760	238,419	982,179	1,470,806	4,520	1,475,326	485,854	1,961,180

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes reserves for: Currency Adjusting Factor (CAF), EA transition and general reserve.

³ Includes \$3.9 million in 2014, representing retroactive settlement of salary increase in LFO for the period from 1st of September to 15th of December 2012.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015

⁵ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase .etc; the total requirements related to these risks is budgeted for at 60% only.

TABLE 1-2 BIENNIUM BUDGET 2014-2015
Summary of 2014-2015 Agency Wide Total Budget Volume by Programme
(USD'000s)

Programme	2014 Fiscal Year					2015 Fiscal Year					2014-2015 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash ¹	In Kind	Total			Cash ¹	In Kind	Total			Cash ¹	In Kind	Total		
Education Programme	368,765	530	369,295	13,756	383,051	378,996	530	379,526	10,236	389,762	747,761	1,060	748,821	23,992	772,813
Health Programme	118,786	1,730	120,516	24,454	144,970	126,149	1,730	127,879	28,804	156,683	244,935	3,460	248,395	53,258	301,653
Relief & Social Services Programme	54,569		54,569	108,037	162,606	53,785		53,785	103,025	156,810	108,354	-	108,354	211,062	319,416
Infrastructure and Camp Improvement Prog	14,149		14,149	91,506	105,655	13,976		13,976	91,506	105,482	28,125	-	28,125	183,012	211,137
Support Departments	118,376		118,376	9,682	128,058	109,760		109,760	4,848	114,608	228,136	-	228,136	14,530	242,666
Total Programme Requirements	674,645	2,260	676,905	247,435	924,340	682,666	2,260	684,926	238,419	923,345	1,357,311	4,520	1,361,831	485,854	1,847,685
Contingency Reserve ²	14,000		14,000		14,000	14,000		14,000		14,000	28,000	-	28,000	-	28,000
Salary Reserve ³	8,900		8,900		8,900	15,000		15,000		15,000	23,900	-	23,900	-	23,900
VAT Reserve ⁴	15,000		15,000		15,000	15,000		15,000		15,000	30,000	-	30,000	-	30,000
Budget Risk Reserve ⁵	16,761		16,761		16,761	14,834		14,834		14,834	31,595	-	31,595	-	31,595
Total Other Requirements	54,661	-	54,661	-	54,661	58,834	-	58,834	-	58,834	113,495	-	113,495	-	113,495
Total Resource Requirements	729,306	2,260	731,566	247,435	979,001	741,500	2,260	743,760	238,419	982,179	1,470,806	4,520	1,475,326	485,854	1,961,180

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes reserves for: Currency Adjusting Factor (CAF), EA transition and general reserve.

³ Includes \$3.9 million in 2014, representing retroactive settlement of salary increase in LFO for the period from 1st of September to 15th of December 2012.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015

⁵ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase .etc; the total requirements related to these risks is budgeted for at 60% only.

TABLE 2: REGULAR BUDGET REQUIREMENTS BY FIELD AND HQs
(Cash and In-kind, USD'000s)

Field/HQ	2010 Expenditure	2011 Expenditure	2012 Expenditure	2013 Budget	2014 ¹ Estimate	2015 ¹ Estimate
Gaza Strip	198,483	225,493	224,135	216,106	217,319	224,707
Lebanon	72,089	77,458	77,228	79,533	90,393	92,380
Syrian Arab Republic	45,727	51,535	47,626	57,383	58,368	60,297
Jordan	112,619	109,785	120,490	124,541	145,023	148,609
West Bank	91,193	106,622	99,662	103,868	102,076	104,125
Headquarters						
Education Programme	2,887	2,780	2,315	2,925	2,856	2,915
Health Programme	1,114	994	1,009	1,245	1,259	1,296
Relief and Social Services Prog. ²	914	961	1,062	1,181	9,577	10,582
Infrastructure and Camp Improvement Prog.	1,415	1,629	1,560	1,949	2,286	1,887
Support Departments	28,407	40,017	46,173	39,426	47,748	38,128
Sub-total	554,848	617,274	621,260	628,157	676,905	684,926
Contingency Reserve ³				12,000	14,000	14,000
Salary Reserve ³				33,135	8,900	15,000
VAT Reserve ³				-	15,000	15,000
Budget Risk Reserve ³				2,000	16,761	14,834
Sub-total	-	-	-	47,135	54,661	58,834
Total Resources Requirements	554,848	617,274	621,260	675,292	731,566	743,760

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes SSNP Food Reserve of \$8.0m and \$9.0m in 2014 and 2015 respectively

³ Comparative figures for 2010-2012 are integrated into the respective Fields' and HQs Departments/Programmes expenditure

FIGURE 2: Regular Budget by Field and HQs
(Cash and In-kind, USD'000s)

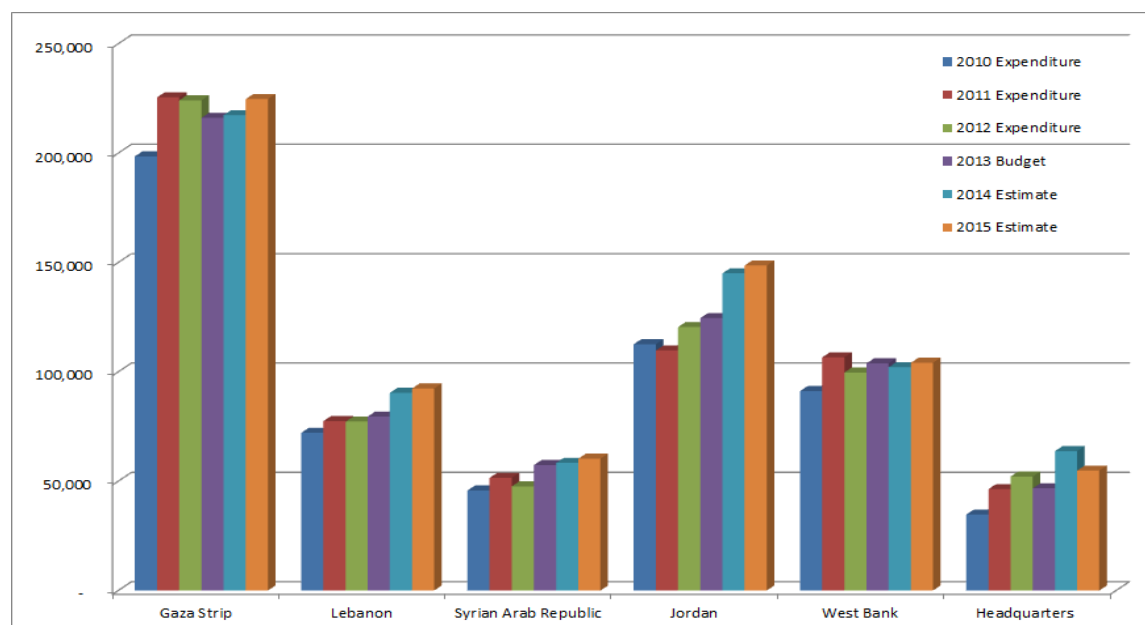


TABLE 3: REGULAR BUDGET REQUIREMENTS BY HUMAN DEVELOPMENT GOAL
(Cash and In-kind, USD'000s)

Goal	2010 Expenditure	2011 Expenditure	2012 Expenditure	2013 Budget	2014 ¹ Estimate	2015 ¹ Estimate
A Long and Healthy Life	103,895	110,342	115,804	117,816	126,517	133,926
Acquired Knowledge and Skills	313,648	335,365	342,106	336,845	348,624	358,578
A Decent Standard of Living ²	45,943	65,136	55,732	86,077	76,784	75,939
Human Rights Enjoyed to the Fullest	4,420	5,840	3,680	3,519	3,861	3,947
Effective and efficient governance and support in UNRWA	86,942	100,591	103,938	83,900	121,119	112,536
Sub-total	554,848	617,275	621,260	628,157	676,905	684,926
Contingency Reserve ³				12,000	14,000	14,000
Salary Reserve ³				33,135	8,900	15,000
VAT Reserve ³				-	15,000	15,000
Budget Risk Reserve ³				2,000	16,761	14,834
Sub-total	-	-	-	47,135	54,661	58,834
Total Resources Requirements	554,848	617,275	621,260	675,292	731,566	743,760

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes SSNP Food Reserve of \$8.0m and \$9.0m in 2014 and 2015 respectively

³ Comparative figures for 2010-2012 are integrated into the respective Fields' and HQs Departments/Programmes expenditure

FIGURE 3: Regular Budget by Human Development Goal
(Cash and In-kind, USD'000s)

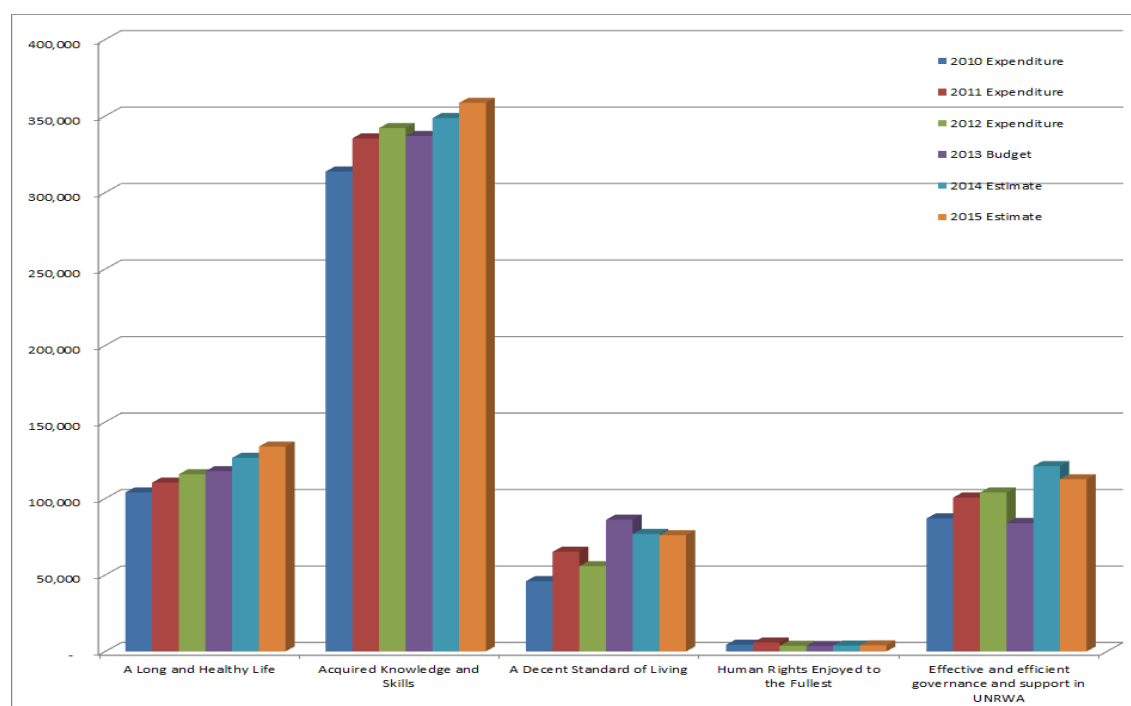


TABLE 4: REGULAR BUDGET REQUIREMENTS BY RESOURCES

(Cash and In-kind, USD'000s)

Resources	2010 Expenditure	2011 Expenditure	2012 Expenditure	2013 Budget	2014 ¹ Estimate	2015 ¹ Estimate
Staff Costs						
International Staff	26,551	27,150	26,635	30,842	29,938	29,938
Basic Salaries	299,178	303,055	327,816	325,410	358,527	369,717
Hazard Pay and Special Elements	2	2	727	2	-	-
Provident Fund Agency Contributions	43,779	44,552	48,544	47,840	53,472	55,363
SPOA, SOA and Others	8,974	9,212	9,447	10,141	10,581	10,946
Overtime and Excess hours supplement	671	709	554	812	632	673
CAF	30,625	31,178	19,767	33,504	12,458	12,459
Special Allowances	17,818	18,194	18,088	19,676	19,372	19,627
Health Related Expenses	8,385	8,639	5,929	9,480	8,120	8,172
Miscellaneous Allowances	444	460	313	511	294	302
Severance Cash Payment Out	11,869	12,528	28,667	14,274	13,503	16,103
LDC and Temporary Staff -(D)	9,046	9,246	9,113	10,015	10,665	10,853
Sub-total	457,342	464,923	495,600	502,507	517,563	534,154
Non Staff Costs						
Consumption of Inventories	22,385	31,519	33,756	48,838	45,015	44,542
Non inventory Supplies	13,831	14,125	18,019	16,346	13,649	13,954
Utilities	3,788	4,568	4,030	3,994	6,922	6,921
Maintenance of Premises	4,066	5,245	9,644	8,674	8,097	7,939
Equipment and Construction	12,714	10,352	16,082	12,500	25,645	13,681
Training	1,899	1,869	1,150	2,872	1,849	1,580
Travel	2,219	2,293	2,011	2,301	1,999	1,992
Admin Support Services	7,196	8,000	4,807	7,634	5,504	5,528
Consultancy Services	2,288	3,616	2,496	2,393	2,137	2,140
Hospital Services	12,195	13,477	10,792	16,146	16,517	18,016
Miscellaneous Services	8,186	8,802	9,594	10,089	10,991	12,203
Subsidies to Hardship Cases	-	36	13,710	14,609	7,475	7,501
Subsidies to Patients	3,867	4,162	2,804	5,678	5,226	5,247
Third Parties Subsidies	-	-	-	-	151	156
Other Subsidies	8,887	12,752	707	523	280	282
Reserves	-	-	-	725	9,147	9,749
Cost Recovery	(6,015)	(10,703)	(3,941)	(27,672)	(1,263)	(658)
Depreciation ²	-	42,237	-	-	-	-
Sub-total	97,506	152,351	125,660	125,650	159,342	150,772
Total Staff and Non-Staff Cost	554,848	617,275	621,260	628,157	676,905	684,926
Contingency Reserve ³				12,000	14,000	14,000
Salary Reserve ³				33,135	8,900	15,000
VAT Reserve ³				-	15,000	15,000
Budget Risk Reserve ³				2,000	16,761	14,834
Sub-total	-	-	-	47,135	54,661	58,834
Total Resources Requirements	554,848	617,275	621,260	675,292	731,566	743,760

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Depreciation in 2011: represents the first time recognition of UNRWA assets.

³ Comparative figures for 2010-2012 are integrated into the respective Fields' and HQs Departments/Programmes expenditure

Figure 4: Regular Budget by Resources
(Cash and In-Kind, USD'000's)

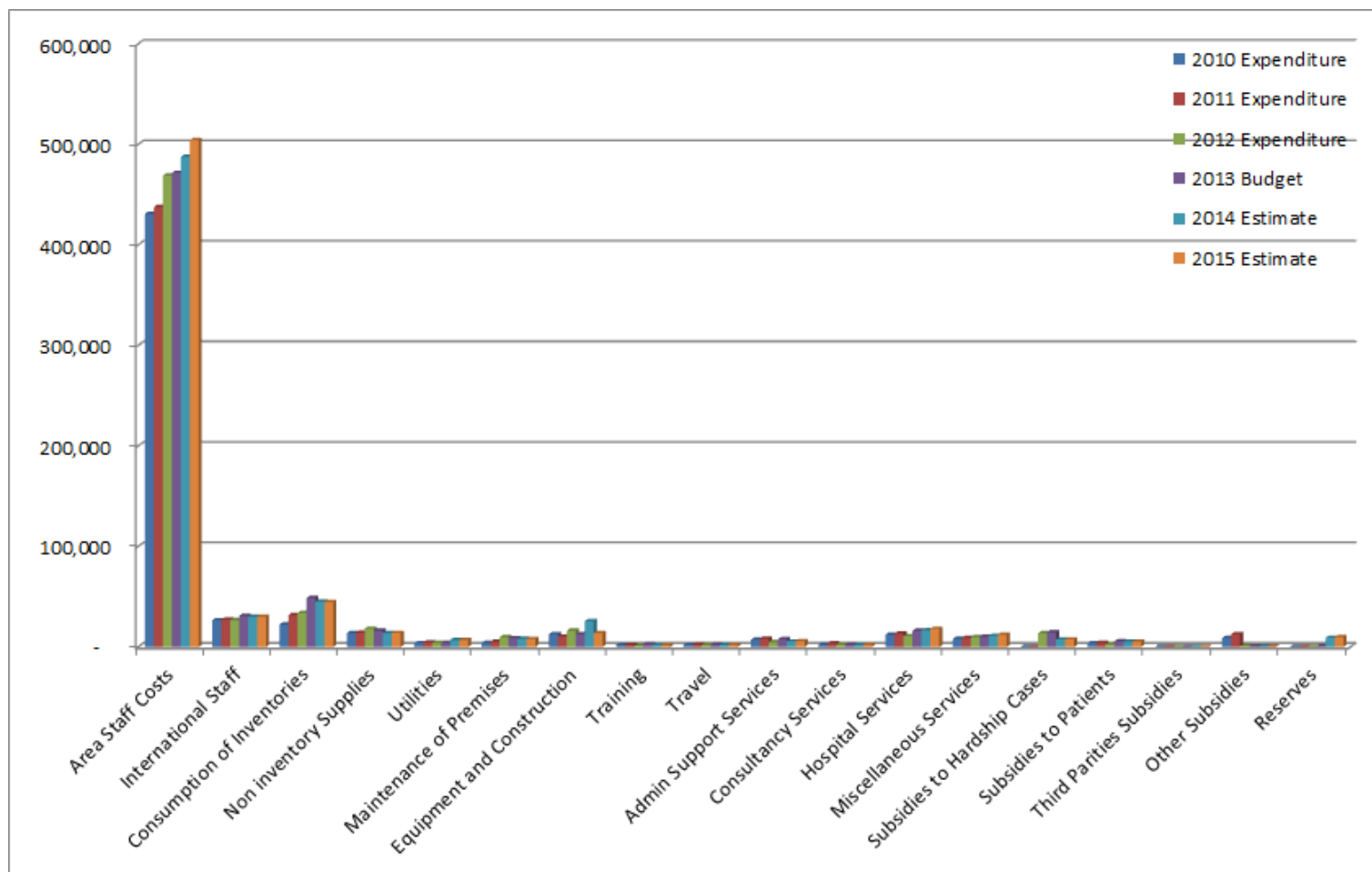
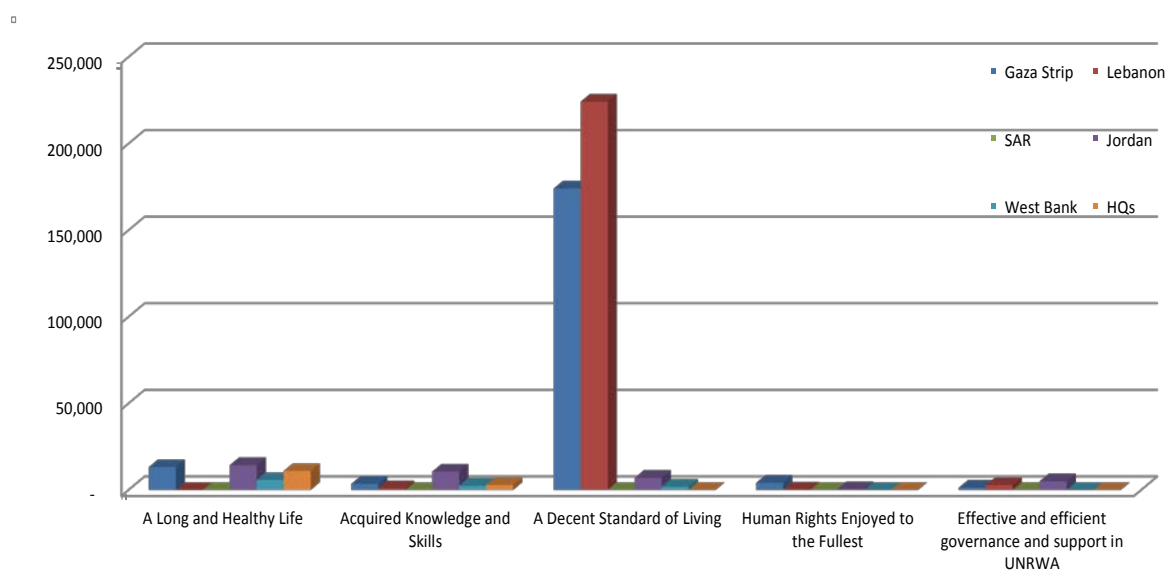


TABLE 5: Project Budget by Goal and Field Office / HQs
(USD'000s)

Goal	Gaza Strip ¹	Lebanon ²	SAR	Jordan	West Bank	HQs	Total
A Long and Healthy Life	13,198	-	-	14,350	5,721	10,990	44,259
Acquired Knowledge and Skills	3,500	898	-	10,595	2,518	2,848	20,359
A Decent Standard of Living	174,084	224,220	-	7,013	1,927	-	407,244
Human Rights Enjoyed to the Fullest	4,163	255	-	450	-	-	4,868
Effective and efficient governance and support in UNRWA	1,300	2,740	-	5,084	-	-	9,124
Grand Total	196,245	228,113	-	37,492	10,166	13,838	485,854

Figure 5: Project Budget by Goal and Field Office / HQs
(USD'000s)



¹ The Gaza Strip project budget includes \$150 million towards Gaza Reconstruction.

² The LFO project budget includes \$157 million for Nahr El-Bared Camp (NBC).

Human Resources

- 1.25 In order to deliver its core programmes and projects, the Agency employs International and Area Staff.
- 1.26 In compliance with Resolution 3331B(XXIX) of 17 December 1974, during the 2012–2013 biennium, 146 international staff posts were funded from the Regular Budget of the United Nations.
- 1.27 In line with the General Assembly resolution 67/248, 5 international staff posts are earmarked for abolition effective 1 January 2014 leaving 141 international staff posts to be funded from the Regular Budget of the United Nations. These five posts are Deputy Director of UNRWA Affairs in SAR Field Office (P-5), Field Procurement and Logistics Officer in SAR Field Office (P-4), Field Human Resources Officer in SAR Field Office (P-4), International Driver in West Bank Field Office (GS) and one Administrative Assistant (GS) in Geneva Representative Office.
- 1.28 Apart from the above, seventy nine international staff posts are funded from sources other than the UN Secretary-General's regular budget. Seventy three posts are funded by project funds; two posts funded by United Nations Educational, Scientific and Cultural Organization (UNESCO); two posts funded by the World Health Organization (WHO); one post funded by the Microfinance Department (MD) through its programme income; and one post funded by the Agency's Provident Fund.

TABLE 6: International Staffing Requirements 2014-2015

Post Grade	UN Regular Budget*	Other Sources
A) Professional & Above		
USG	1	-
ASG	1	-
D2	8	2
D1	10	2
P5	26	8
P4/P3	84	57
P2/P1	2	3
Sub-total (A)	132	72
B) General Services		
Sub-total (B)	9	7
Total (A+B)	141	79

* Excludes 5 posts earmarked for abolition effective 1st January 2014.

- 1.29 Programmes are otherwise delivered primarily through 29,138 local (“Area”) staff as of end of June 2013, the number of which will need to increase up to the approved workforce ceiling of 30,314 by the end of 2015 if the Agency is to realize the achievements set out in this Budget (see Table 7 below). The factors contributing to this are: the average 3% annual increase in Palestine refugee population and the rising number of student population in Gaza and Jordan Field Offices.

TABLE 7: Estimated Number of Area Staff as at 31 December 2015
By Human Development Goal

Goal	Gaza	Lebanon	SAR	Jordan	W/Bank	HQs	Total
A Long and Healthy Life	1,328	584	500	1,047	865	23	4,347
Acquired Knowledge and Skills	9,562	1,804	2,512	5,138	2,631	65	21,712
A Decent Standard of Living	516	242	153	335	366	26	1,638
Human Rights Enjoyed to the Fullest	51	16	61	40	36	4	208
Effective and efficient governance and support in UNRWA	587	335	285	356	475	371	2,409
Grand Total	12,044	2,981	3,511	6,916	4,373	489	30,314

FINANCIAL SITUATION

- 1.30 With the exception of international staff posts funded by the United Nations regular budget through assessed contributions and posts provided by other UN agencies, UNRWA's on-going operations, projects and emergency appeals are funded by voluntary contributions.
- 1.31 Table 8 below shows the funding status of UNRWA's budget for 2013.
- 1.32 The financial results for the fiscal year 2013 illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate. The funding gap (deficit), as end of June 2013, for the regular budget amounted to -\$76.2 million, the projects budget experienced a shortfall of -\$129.9 million whereas the 2013 Emergency Appeal was under-funded by -\$174.4 million.

TABLE 8: Funding Status of the Agency - 2013
(USD millions)

	Regular Budget		Projects	Emergency Appeal
	Budgeted activities	Unbudgeted activities		
Contributions and Income	597.2	20.1 ²	192.4	125.7
Budget	673.4		322.3	300.1 ¹
Funding Gap	(76.2)	-	(129.9)	(174.4)

¹ Represents the appealed amount in the 2013 emergency appeal.

² Represents income earmarked for activities that were not included in the 2013 budget which are treated as donor-funded projects; chiefly Food Aid, ERP and other restricted funds related to the distribution of food and educational activities.

- 1.33 Current projections of income and expenditure, shown in Table 9 below, indicate a funding gap for the Regular Budget of -\$150.4 million and -\$152.6 million, in 2014 and 2015 respectively. This shortfall is resulting from lower income (based on indicative estimates from donors and estimated interest income) of \$578.9 million and \$588.9 million, when compared to budgeted expenditures of \$729.3 million and \$741.5 million, in 2014 and 2015 respectively. Without additional contributions, the Agency will not be in a position to fully implement its budgeted activities.

TABLE 9: Expected Funding Status of Agency – Regular Budget 2014-2015
(USD millions)

	2014	2015
Projected Income	578.9	588.9
Budget	729.3	741.5
Funding Gap	(150.4)	(152.6)

1.34 Income projections, by donor for 2015 and 2014 appear in Table 10 below:

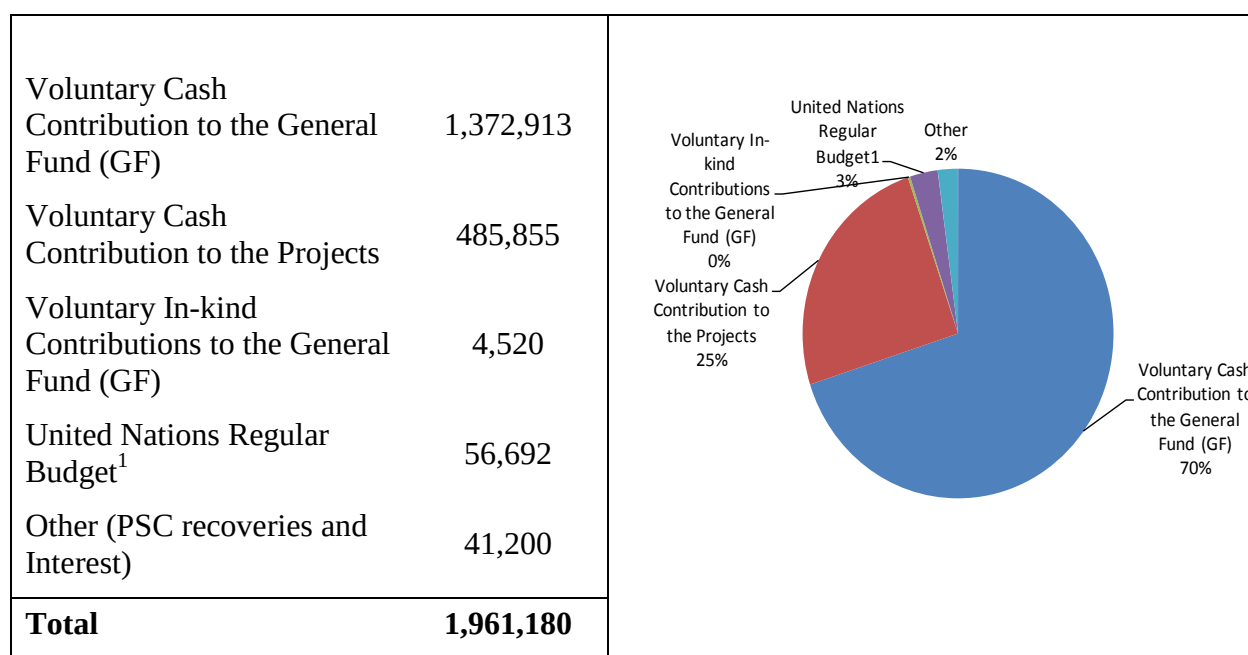
TABLE 10: Income Projections for the General Fund – 2013 - 2015
(USD'000s)

Donor	Income forecast 2013¹	Income forecast 2014	Income forecast 2015
USA	130,000	130,000	130,000
EU	103,850	120,000	120,000
UK	51,460	52,000	57,000
Sweden	43,460	44,000	44,000
Norway	27,380	28,000	28,000
Australia	21,140	22,000	22,000
Netherlands	16,600	16,600	16,600
Switzerland	16,110	16,110	16,110
Denmark	15,740	15,740	15,740
Japan	12,250	12,250	12,250
Saudi Arabia	12,000	2,000	2,000
France	9,780	10,430	10,430
Germany	10,300	10,300	10,300
Belgium (including Flanders)	7,820	8,020	8,020
Italy	7,840	7,840	7,840
Luxembourg	6,050	6,050	6,050
Finland	5,930	5,930	5,930
Ireland	5,110	5,110	5,110
Spain (including Regions)	3,910	3,910	3,910
UAE	2,600	2,600	2,600
Austria	2,450	2,450	2,450
Kuwait	2,000	2,000	2,000
Turkey	1,250	1,250	1,250
Other donor income	20,300	5,410	10,410
Sub Total	535,330	530,000	540,000
Interest	750	600	600
PSC Recoveries	32,000	20,000	20,000
International Staff funded through assessed contributions	29,082	28,346	28,346
Grand Total	597,162	578,946	588,946

¹ Expected end of year forecast based on information available by June end 2013.

- 1.35 UNRWA's Resource Mobilisation Strategy (RMS) for 2012-2015, endorsed by the Agency's Advisory Commission (AdCom) in November 2011, is based on strengthening capabilities towards external partners, delivered through improved internal capacity. It includes three high-level strategic objectives: to deepen partnerships with traditional donors; to diversify the donor-base; and to develop improved cross-Agency capacity to mobilise resources and manage donor relations.
- 1.36 Traditional donors have remained the key supporters of UNRWA providing over the past few years what amounts to 80-90% of the Agency's overall funding requirements. Although donors have increased their contributions by 1.5% per annum since the last two biennia, UNRWA realises that current donors are not able to keep pace with the continued increase in funding requirements of 6.4% per annum since the last two biennia. This realisation is reflected in the RMS through the emphasis on diversifying the donor base and consolidating resource mobilisation and communication efforts across the Agency. The strategy also emphasises the need to encourage multi-year framework agreements, and where not possible to set multi-year mutual expectations, to increase predictability in funding
- 1.37 Strengthening communications, both internal and external, is one of the strategy's underlying assumptions. By improving the flow of information the Agency is in a better position to increase its transparency and accountability vis-à-vis donors in turn creating an environment conducive to sustaining relationships with new and existing donors.
- 1.38 Figure 6 below shows the expected sources of funding of the Agency's total budget volume for 2014 and 2015, including both the regular and projects budget.

FIGURE 6: Budget Funding – 2014-2015
(USD'000s)



1.39 Voluntary contributions will be requested to cover about 95 per cent of total budget volume for 2014-2015, of which 70 per cent are cash contributions to the GF, 24.8 per cent cash receipts to fund projects, and about 0.2 per cent constitutes In-kind contributions to the GF.

1.40 The funding of 141 international posts (excluding the 5 international posts earmarked for abolition), funded from the UN Regular Budget, accounts for about 2.9 per cent annually of the total budget volume. The remaining 2.1 per cent of other income is derived from the following sources:

- a. Interest income and miscellaneous income including Programme Support Costs (PSC) in the range of \$20.6 million per annum;
- b. Funding of six staff posts (two international and four area staff posts) by UNESCO and four posts (two international and two area staff posts) by WHO as part of their technical assistance to the Education and Health programmes, respectively.

1.41 If donor contributions continue to fall behind levels required to finance rising levels of service delivery requirements, the resulting constraints on UNRWA's

capacity will continue to undermine the human development standards of the Palestine refugees and put additional pressure on the host authorities.

- 1.42 UNRWA recognize that the resource scarcity resulting from the current global economic climate, growing needs resulting from population growth, as well as inflationary pressures, require the Agency to prioritize services and activities within, and between, its main programmes. The budget therefore encompasses funding for only an identified set of core activities fundamental in meeting the basic needs of the Palestine refugees. The resources required to do so are necessary for the Agency to fulfil the essence of its mandate.

CHAPTER II

Goal 1: A LONG AND HEALTHY LIFE

HUMAN DEVELOPMENT GOAL

- 2.1 The UNRWA health programme enables Palestine refugees to achieve a long and healthy life through the provision of comprehensive primary health care services and through working with communities to promote healthy lifestyles.

OBJECTIVES

- 2.2 Universal access to quality, comprehensive primary health care
- 2.3 Sustained protection and promotion of family health
- 2.4 Ensured prevention and control of diseases

CONSTRAINTS AND CHALLENGES

- 2.5 The UNRWA health programme has delivered comprehensive primary health care services to Palestine refugees for over 60 years, achieving some remarkable health gains particularly in the fields of maternal and child health. However, the context in which the health programme operates coupled with regional situation is changing, bringing a range of new challenges.
- 2.6 Aging populations, as well as changes in lifestyle, have resulted in global increases in the prevalence of non-communicable diseases (NCD) and same is the case among Palestine refugees. NCD include hypertension, diabetes, obesity, smoking-related lung disease, and cancers. These diseases usually require lifelong care, often with expensive medicines. As a result of budget constraints, UNRWA is at present unable to provide cholesterol lowering medicines that may be used to manage some NCD patients. The complications of NCD may be severe, requiring hospitalization, and may result in disability. Management of this increasing burden of NCD thus has substantial resource implications for staffing, medicines and hospital care. Furthermore, significant efforts will have to be made in working with communities to address lifestyle-related risk factors, key to prevention and

control of NCD. Resources are needed to develop effective communication campaigns and to build the capacity of community based organizations.

- 2.7 Costs of health care continue to rise in UNRWA's Fields of operation, as is the case in countries worldwide. Syrian conflict has further increased operational costs inside SAR as well as in Lebanon and Jordan with massive influx of Palestine Refugees from SAR (PRS). The scarcity of medicines, increasing demand, and limited hospital service availability inside SAR; have all contributed to substantial increases in the costs of medicines and hospitalization fees for UNRWA. Furthermore conflicts, economic recession, worsening poverty at the regional level may cause Palestine refugees previously using private service providers to start using UNRWA services, creating an additional burden for UNRWA health services. Another concern is that policy changes in host countries may affect the access of Palestine refugees to respective Ministry of Health (MoH) facilities, making them even more reliant on UNRWA services. The years ahead are therefore likely to see a widening chasm between increasing demand for UNRWA health services, and stagnant and/or declining (in real terms) resources.
- 2.8 Escalating demand for services and the growing need for lifelong care of chronic diseases have necessitated UNRWA to seek novel and innovative ways of delivering health services in order to improve efficiency and quality of care for the future. The recently introduced Family Health Team (FHT) approach which promotes comprehensive care for the whole family, focusing on continuity of care and on building relationships among health care providers, patients, families and communities, is a reform in this direction. FHT represents a modernization of primary health care, in keeping with regional and global trends. The FHT approach, however, requires an investment in systems development and staff capacity that will result in high quality, efficient health services that are able to respond to changing health needs.
- 2.9 Long term care of high numbers of NCD patients, often with complex case management needs, requires a well-functioning patient record system. Furthermore, the resource implications associated with high numbers of patients on costly medications requires adequate health management information systems to monitor the efficiency of care. Current UNRWA information systems are inadequate to meet these growing and complex information needs. In order to

- enable evidence-based decision-making and appropriate resource allocation in the future, substantial investment is needed in electronic health information systems.
- 2.10 Many of the health facilities are in old buildings with maintenance neglected over the years because of funding constraints. Assessment of all health facilities to ensure that these facilities meet the required function and are efficient, safe for use, can resist seismic activities, are environmentally sound and within set standards, remains an unfunded challenge.
- 2.11 While most of the Palestine refugees in camps are served with water supply and sewer networks, the quality of water they drink and use and the adequacy of supporting infrastructure systems vary considerably. Improving the quality of the environmental infrastructure networks in camps based on WHO standards requires comprehensive assessments on adequacy of systems but remains an unfunded challenge too.
- 2.12 Improving environmental sanitation and hygiene situation in camps and other areas inhabited by displaced Palestine refugees in SAR continues to be a priority concern and it is being addressed as and when security situation permits. In this regard an increase in number of Viral Hepatitis cases has already been reported from Homs, Latakia and Damascus areas in SAR.

FINANCIAL RESOURCES

**Table 2-1: A Long and Healthy Life
Resource Requirements by Objective**
(Cash and In-kind, USD'000s)

	2014 Estimate	2015 Estimate
A. Universal access to quality, comprehensive primary health care	88,968	94,156
B. Sustained protection and promotion of family health	6,992	7,128
C. Ensured prevention and control of diseases	30,557	32,641
Total Regular Budget	126,517	133,925
Project Budget	19,954	24,304
Grand Total	146,471	158,229

Table 2-2: A Long and Healthy Life
Resource Requirements by Category of Expenditure
(Cash and In-kind, USD'000s)

	2010 Expenditure	2011 Expenditure	2012 Expenditure	2013 Budget	2014 Estimate	2015 Estimate
Staff Costs						
International Staff	1,171	613	965	1,373	1,287	1,287
Basic Salaries	41,027	41,952	46,371	46,057	51,568	53,330
Hazard Pay and Special Elements	-	-	116	-		
Provident Fund Agency Contributions	6,029	6,166	6,847	6,769	7,621	7,917
SPOA, SOA and Others	6,001	6,137	6,651	6,738	7,374	7,644
Overtime and Excess hours supplement	109	111	115	122	146	162
CAF	4,584	4,688	3,098	5,147	1,775	1,758
Special Allowances	2,987	3,054	3,002	3,353	2,965	3,019
Health Related Expenses	1,288	1,317	1,486	1,446	1,518	1,528
Miscellaneous Allowances	78	80	114	87	36	36
Severance Cash Payment Out	461	472	4,443	518	1,987	3,678
LDC and Temporary Staff -(D)	1,443	1,475	1,667	1,620	2,524	2,511
Sub-total	65,178	66,065	74,875	73,229	78,799	82,870
Non Staff Costs						
Consumption of Inventories	13,476	14,072	16,167	12,778	15,351	16,794
Non inventory Supplies	2,916	3,045	6,261	2,765	3,797	3,947
Utilities	454	380	455	515	737	745
Maintenance of Premises	391	424	696	1,067	1,445	1,449
Equipment and Construction	2,816	2,392	808	1,259	997	1,040
Training	131	178	111	315	357	247
Travel	116	169	151	189	153	156
Admin Support Services	691	901	211	789	237	238
Consultancy Services	300	194	204	113	199	199
Hospital Services	12,195	13,477	10,792	16,145	16,517	18,016
Miscellaneous Services	1,878	1,941	2,516	3,283	3,502	3,829
Subsidies to Hardship Cases			21	18	6	6
Subsidies to Patients	3,804	4,082	2,728	5,498	4,504	4,512
Third Parties Subsidies					19	24
Other Subsidies	11	46				
Field Reserves				63	107	63
Cost Recovery	(465)	(2,206)	(192)	(210)	(210)	(210)
Depreciation ¹		5,183				
Sub-total	38,717	44,277	40,929	44,587	47,718	51,055
Total Staff and Non-Staff Cost	103,895	110,342	115,804	117,816	126,517	133,925
Emergency Appeal	129,784	57,720	48,004	-		
Projects	60,155	42,314	22,687	14,673	19,954	24,304
Grand Total	293,834	210,376	186,495	132,489	146,471	158,229

¹ Depreciation in 2011: represents the first time recognition of UNRWA assets.

**Table 2-3: A Long and Healthy Life
Project List
(USD'000s)**

	2014 Estimate	2015 Estimate
Maintaining environmental health infrastructure in the Gaza Strip	6,599	6,599
A Clean and Healthy Environment: Construction of three sewage networks	1,864	3,464
I Have a Dream: Ensuring Accessibility of UNRWA Facilities in the West Bank	196	196
Expansion of UNRWA Health Reform - Family Health Team Approach	600	150
Solid Waste to Energy Project'	3,200	6,400
Reconstruction & Merger of four Health Centers to improve the health service delivery	2,000	2,000
Addressing the visual impairments among primary and intermediate level students in UNRWA schools	1,315	1,315
Promoting healthy food items in UNRWA school canteens	135	135
Introducing HbA1c technology at 30 Large UNRWA Health Centres to improve care for 107,349 diabetic patients Agency-Wide.	2,060	2,060
Breast Cancer Screening	793	793
Prevention of anemia among children 6- 24 months of age	1,192	1,192
Total Projects' Budget	19,954	24,304

Strategic Objective: Universal access to quality, comprehensive primary health care

Expected Accomplishments	Indicators of Achievement	Measurement
Quality of health services maintained and improved	Decrease in the antibiotic prescription rate.	Unit of measure: Per Cent Baseline: 25% Target: 23%

A. Universal access to quality, comprehensive primary health care

Output	2014	2015
Access to hospital care ensured (primary and tertiary)	12,420	13,203
Direct Implementation capacity in the area of health centers' design	696	695
Drug management system in place	2,080	2,161
Family Health Team and General Outpatient Services improved	47,774	50,999
Health Center Infrastructure improved	2,271	2,334
Health Centers are meeting UNRWA standards, procedures and technical guidance	226	163
Health management support strengthened	12,354	12,508
Increased access and coverage of tertiary hospital care	4,133	4,795
Quality access to secondary hospital care ensured	5,753	6,003
Technical leadership provided to Fields to implement comprehensive, integrated primary health care through a Family Health Team approach	1,261	1,295
Total	88,968	94,156

Strategic Objective: Sustained protection and promotion of family health

Expected Accomplishment	Indicator of Achievement	Measurement
Coverage and quality of maternal & child health services maintained & improved	Percentage of women attending at least 4 antenatal care visits	Unit of measure: Per cent Baseline: 90% Target: 92%

B. Sustained protection and promotion of family health

Output	2014	2015
Comprehensive MCH services delivered	5,424	5,526
Mental Health and Family & Child Protection services developed	1,136	1,146
School health services strengthened	432	456
Total	6,992	7,128

Strategic Objective: Ensured prevention and control of diseases

Expected Accomplishment	Indicators of Achievement	Measurement
a) Coverage and quality NCD care improved	Immunization coverage rate against vaccine-preventable diseases maintained	Unit of measure: Per cent Baseline: 99% Target: 99 %
b) Communicable diseases contained and controlled	(i) Percentage of shelters connected to the public water network maintained	Unit of measure: Per cent Baseline: 100% Target: 100%
	(ii) Increase in percentage of shelters connected to the public sewerage network	Unit of measure: Per cent Baseline: 94% Target: 95 %

C. Ensured prevention and control of diseases

Output	2014	2015
Access to safe drinking water through UNRWA/Municipal networks	1,798	1,833
Adequate sewerage, storm water drainage and solid waste systems provided in camps	3,876	3,971
Appropriate management of NCDs ensured	6,880	8,196
Environmental health services and environmental infrastructure maintained/improved	16,742	17,346
Environmental infrastructure meeting UNRWA standards, procedures and technical guidance	42	42
Prevention and control of communicable diseases maintained	1,220	1,252
Total	30,557	32,641

CHAPTER III

Goal 2: ACQUIRED KNOWLEDGE AND SKILLS

HUMAN DEVELOPMENT GOAL

- 3.1 UNRWA is deeply committed to the achievement of the Millennium Development Goals two and three ensuring universal primary education and gender parity. The Agency operates one of the largest education systems in the Middle East providing education services to nearly half a million Palestine refugee children through some 700 schools located in Jordan, Lebanon, Gaza Strip, the Syrian Arab Republic and the West Bank. Nearly half of UNRWA's schools are located within the camps.
- 3.2 The Education Programme has undertaken a major reform (2011-15), the goal of which is to deliver the best quality education for Palestine refugees, helping them to develop their full potential. The reform is a coherent and systemic approach to transformational change in the quality of children's learning in line with the demands of the 21st century. To this effect the reform comprises eight interrelated programme areas. Four are substantive areas addressing teachers and school empowerment; curriculum and student assessment; inclusive education; Technical Vocational Education Training (TVET) and Youth. A further four are support areas, crucial to ensure evidenced based policy, sustainable change and innovation, research and Education Management Information System (EMIS); education governance; and strategic planning and reporting, and Information, Communication and Technologies (ICTs) in education.
- 3.3 Major progress has been made towards the implementation of the Education reform through the finalisation of policies and frameworks that will positively impact the education quality and learning environment within UNRWA schools. During the 2012-2013 Biennium UNRWA has endorsed the School Health Strategy, the Inclusive Education Policy and the Human Rights, Conflict Resolution and Tolerance (HRCRT) Policy. An Agency wide Curriculum

Framework was also finalised to ensure that the same quality standards are observed in all Fields. The implementation of large scale blended learning programmes for professional development of Teachers and Head Teachers began. Education research and evidence based planning were also strengthened through the collection of data for three Agency-wide studies - on student dropout, classroom practices, and leadership practices, - and through the development of a comprehensive Reform Monitoring and Evaluation framework which includes both quantitative and qualitative indicators The Agency wide EMIS specification was finalised and operational planning articulated and endorsed. The development of an agency wide Teacher Policy continued in this period.

- 3.4 UNRWA focus for the biennium 2014-2015 will be on continuing implementation of the transformative, systemic reform in all Fields, with support from Management and other stakeholders. This, in the short term, will result in a change in classroom practices, a more conducive learning environment for students and work environment for teachers. In the medium to long term the reform will reduce the level of remedial activities and of grade repetition, and decrease drop-out rates for both genders in the basic education cycle. The long term impact of the reform – if implemented as an interrelated, systemic whole – will lead to an increase in internal efficiency of the UNRWA education system.
- 3.5 Through its education system, UNRWA has the greatest potential to help Palestine refugee children to thrive, to achieve their potential and to grow up understanding their rights and respecting the rights of others. Basic education, delivered by UNRWA's education programme is therefore considered among the highest priorities of all the Agency's services to Palestine refugees. UNRWA's education programme also contributes to the strategic objective on employability.

OBJECTIVES

- 3.6 Universal access to and coverage of basic education.
- 3.7 Educational quality and outcomes against set standards are enhanced
- 3.8 Improve access to educational opportunities for learners with special education needs (SEN)

CONSTRAINTS AND CHALLENGES

- 3.9 The Syrian conflict has impacted on education provision in both SAR and the neighbouring countries of Lebanon and Jordan, affecting student enrolment, school infrastructure and reform implementation. One approach to mitigating the impact of this challenge has been the design and implementation of appropriate educational response to the crisis and increasing the collaboration between the Fields affected. This has been through a holistic approach including capacity development, deployment of alternative learning modalities, and psychosocial support to students and teachers.
- 3.10 **Agency financial constraints:** Funding constraints at agency level have had an impact on the Education Programme, both directly through the restrictions this imposes on the more strategic reform efforts and indirectly through increased staff worries and concerns which lead to wariness and resistance to change.
- 3.11 In a context where the financial crisis and Syrian conflict require increased focus just to maintain access and quality of education for Palestine refugee children, substantial efforts will have to be deployed to ensure financial sustainability of reform efforts and to adapt the reform to the current crisis context with an emphasis on strengthened communication.
- 3.12 **Access and quality of education:** UNRWA is committed to providing all its students with a complete, quality basic education cycle. However, despite continued efforts, performance has been at best stable over the past few years. Approximately ten per cent of boys and five per cent of girls in the UNRWA system still do not finish the full cycle of basic education. While UNRWA students continue to outperform their government school counterparts in most Fields of UNRWA operations, performance remains low in higher order thinking skills, and close to one third of students scored less than 30 percent on the 2009 Monitoring of Learning Achievement numeracy test with two thirds scoring less than 30 percent on the eighth grade Arabic test.
- 3.13 In this context, lasting improvement can only be achieved through holistic Agency-wide reform efforts to improve the quality, relevance and inclusiveness of education provision. To this effect the reform operates at three levels which can be described as the legislative level, i.e. the policy and the strategic

environment established through the reform; the organisational level, that is the tools and mechanism to put in place systems for sustainable implementation of the reform towards better coherent practices; and thirdly the capacity development level where the focus is on strengthening the capacity of individuals to operate effectively within the policy and organisation frameworks, and to build capacity with regard to their own roles. The challenge for 2014-2015 will be to ensure that the reform components reflecting all three levels are implemented in an integrated, coherent manner to maximize their impact.

- 3.14 **School buildings and infrastructure:** More than 70 per cent of schools are operating on double shift, 15 per cent from rented premises with meagre resources for upkeep and enhancement of school infrastructure. Many of the school facilities are deteriorated, maintenance has been neglected over the years because of funding constraints. A number of these schools need to be either structurally strengthened or replaced as an immediate priority: students' health and safety will otherwise be placed at risk. Funding still needs to be secured to address this. Furthermore assessment of all education facilities to ensure that these facilities meet the required function and are efficient, safe for use, safe under seismic activities and are environmentally sound and within set standards remains to be an unfunded challenge. Such assessments will enable the agency to prioritize interventions and achieve efficiencies.

FINANCIAL RESOURCES

**Table 3-1: Acquire Knowledge and Skills
Resource Requirements by Objective**
(Cash and In-kind, USD'000s)

	2014 Estimate	2015 Estimate
A. Universal access to and coverage of basic education	88,598	90,388
B. Educational quality and outcomes against set standards are enhanced	255,919	263,995
C. Improve access to educational opportunities for learners with special educational needs	4,107	4,195
Total Regular Budget	348,624	358,578
Project Budget	12,173	8,186
Grand Total	360,797	366,764

Table 3-2 : Acquire Knowledge and Skills
Resource Requirements by Category of Expenditure
(Cash and In-kind, USD'000s)

	2010 Expenditure	2011 Expenditure	2012 Expenditure	2013 Budget	2014 Estimate	2015 Estimate
Staff Costs						
International Staff	1,100	841	537	843	843	843
Basic Salaries	213,942	216,620	234,512	229,338	253,739	262,199
Hazard Pay and Special Elements	1	1	493	1		
Provident Fund Agency Contributions	31,471	31,867	34,832	33,738	37,980	39,412
SPOA, SOA and Others	1,196	1,211	869	1,282	934	956
Overtime	23	23	16	24	1	1
CAF	21,585	21,856	13,929	23,139	8,767	8,798
Special Allowances	11,024	11,162	10,588	11,818	10,595	10,797
Health Related Expenses	4,307	4,361	4,689	4,617	4,648	4,683
Miscellaneous Allowances	149	150	68	159	19	19
Annual Leave Expenses	-	-	-	-		
Severance Cash Payment Out	2,965	3,002	20,008	3,179	9,107	9,556
LDC and Temporary Staff -(D)	5,456	5,524	5,271	5,849	1,881	1,918
Sub-total	293,218	296,621	325,812	313,987	328,513	339,182
Non Staff Costs						
Consumption of Inventories	854	733	542	700	584	599
Non inventory Supplies	8,494	7,289	7,436	6,959	6,161	6,274
Utilities	957	1,200	962	1,378	2,447	2,460
Maintenance of Premises	1,703	3,062	2,726	5,724	3,794	3,598
Equipment and Construction	4,474	3,611	2,628	4,130	5,007	4,563
Training	703	507	186	692	266	153
Travel	302	286	183	193	162	150
Admin Support Services	1,272	1,796	96	1,977	140	112
Consultancy Services	318	588	449	94	137	134
Hospital Services	-	-	0	1	0	0
Miscellaneous Services	1,354	1,219	1,105	1,009	1,197	1,240
Subsidies to Hardship Cases	-	-	3	3	3	3
Subsidies to Patients	-	-	-	-		
Third Parties Subsidies						
Other Subsidies	11	5	-	-		
Reserve					214	112
Cost Recovery	(13)	(2,330)	(22)	(2)	(2)	(2)
Depreciation ¹		20,778				
Sub-total	20,430	38,744	16,294	22,858	20,111	19,396
Total Staff and Non-Staff Cost	313,648	335,365	342,106	336,845	348,624	358,578
Emergency Appeal	3,214	6,227	12,642	-		
Projects	2,603	19,099	10,731	8,581	12,173	8,186
Grand Total	319,465	360,691	365,480	345,426	360,797	366,764

¹ Depreciation in 2011: represents the first time recognition of UNRWA assets.

Table 3-3 Acquire Knowledge and Skills
Project List
(USD'000s)

	2014 Estimate	2015 Estimate
Community Mental Health	3,500	-
I Have a Dream: Ensuring Accessibility for UNRWA Facilities in the West Bank	365	365
Special Educational Needs Dyslexia and Psychosocial Support	228	228
Well-being and youth empowerment in UNRWA schools	666	666
Replacement of five Rented Schools	1,700	3,000
Creating a protective environment in 18 UNRWA schools in Jordan	450	450
Provision of textbooks to students from 1st to 10th grade at all UNRWA schools	1,800	1,800
Replacing old desks and chairs for UNRWA schools	230	230
Replacement of obsolete school computers	750	185
Strengthening Psychosocial Support in UNRWA's Education Programme	112	75
Increasing employment opportunities for trade graduates of UNRWA TVET Centers	448	224
School Based Teacher Development (SBTD) and Transforming Classroom Practices, Web Drama	460	-
Building capacity for inclusive education to meet diverse special educational needs in UNRWA schools	235	124
School Based Teacher Development (SBTD) and Transforming Subject Teaching (Grades 7th to 10th in UNRWA schools)	780	390
"Play and Learn" Summer Activities in Lebanon	449	449
Total Projects' Budget	12,173	8,186

Strategic Objective: Universal access to and coverage of basic education

Expected Accomplishments	Indicators of Achievement	Measurement
Basic Education available for all Palestine refugee children.	(i) Reduction in the dropout rate for pupils in the elementary education cycle.	Unit of measure: Per cent Baseline: 0.40% Target: 0.40%
	(ii) Reduction in the dropout rate for pupils in the preparatory education cycle.	Unit of measure: Per cent Baseline: 2.40% Target: 2.40%

A. Universal access to and coverage of basic education

Output	2014	2015
Direct Implementation Capacity in the area of schools' design	179	202
Education access, retention and completion in a conducive learning environment	82,205	84,085
Education Programme planning management strengthened	1,093	1,049
Physical infrastructure, equipment and Safety for Teacher Training Unit enhanced	3,374	3,399
School equipment available according to needs of curriculum	514	509
School premises rehabilitated to meet standards	839	849
Schools are meeting UNRWA standards, procedures and technical guidance	394	295
Total	88,598	90,388

Strategic Objective: Educational quality and outcomes against set standards are enhanced

Expected Accomplishments	Indicators of Achievement	Measurement
Improved effectiveness of the UNRWA educational system	Increase in the percentage change of the mean score obtained by students in Monitoring Learning Achievement tests	Unit of measure: Per cent Baseline: 2.5% Target: 4.0%

B. Educational quality and outcomes against set standards are enhanced

Output	2014	2015
Curricula to support holistic approach to learning and personal development strengthened.	4,091	4,230
Curriculum delivery improved and new curricula introduced	1,091	1,093
Effective educational governance systems at all levels in place	318	277
Elementary Education delivered in line with PA curriculum	27,110	27,591
Evidence-based policy making and informed decision-making at all levels in place	3,505	3,456
Preparatory Education delivered in line with PA curriculum	11,147	11,371
Professional, qualified and motivated teaching force and empowered schools in place.	206,200	213,693
Quality pre-service program in line with Teacher Training Strategy in place	2,156	1,989
Violence Free Schools established	11	14
School-based teachers development programme	50	50
Partnerships, communication and use of education ICTs strengthened	240	231
Total	255,919	263,995

Strategic Objective: Improve access to educational opportunities for learners with special educational needs
--

Expected Accomplishments	Indicators of Achievement	Measurement
Equal access to quality education for all Palestine refugee children regardless of gender, abilities, disabilities impairments, health conditions and socio-economic status ensured	Percentage of students scoring below 30% on the MLA test	Unit of measure Per cent Baseline: 38% Target: 36%

C. Improve access to educational opportunities for learners with special educational needs
--

Output	2014	2015
Attractive, inclusive and healthy learning environment promoted	2	2
Credible policy and tools supporting inclusive education	1,037	1,057
Mental health services available	1,174	1,203
Targeted support to students in need	1,894	1,934
Total	4,107	4,196

Goal 3: A DECENT STANDARD OF LIVING

HUMAN DEVELOPMENT GOAL

- 4.1 To live with dignity, Palestine refugees must be able to attain a decent standard of living: a safe place to live; sufficient quantities of food; the opportunity to learn skills that will lead to work; essentially, Palestine refugees must be given the opportunity to escape poverty. The right to a decent standard of living - through adequate shelter, food and work - are set out in human rights agreements and reinforced in the first MDG to “eradicate extreme poverty and hunger” that includes targets to achieve productive employment and decent work. The UN is also committed to building inclusive financial services for the poor.
- 4.2 UNRWA’s interventions in support of this goal require an integrated response from its relief and social services, microfinance, education, camp improvement and infrastructure programmes.
- 4.3 Key to UNRWA’s overall response to the evolving training needs of Palestine refugee youth is the development of a comprehensive TVET and youth strategy. This strategy is being developed in cooperation with ILO and GIZ and will seek to increase the quality and relevance of TVET programming. The strategy focuses on improving governance and structures for increased relevance and responsiveness of the TVET system; increasing labor market linkages; expanding access to vulnerable Palestine refugee youth; ensuring quality management and competency based approach to programme development and delivery; improving human resource development; enhancing placement and career guidance systems and processes; and ensuring equal opportunities for boys and girls to TVET programme and courses. The roll-out of this TVET strategy in the biennium 2014-2015 will support Fields to fulfill their TVET role in providing knowledge and skills relevant to the world of work.

- 4.4 In addition to this, UNRWA's university scholarships programme contributed to increasing employment opportunities and living conditions for more than 1,200 students in the past ten years. Past university scholarship holders have gone on to hold key positions in UNRWA, host countries and other Gulf States, contributing to the social and economic development of the region.
- 4.5 The spatial and environmental conditions in which Palestine refugees live cannot be divorced from their livelihood or wellbeing. It is well established that the quality of the built environment has a direct bearing on the quality of everyday life. Infrastructure and Camp Improvement Programme will continue to prioritize shelter improvements for vulnerable Palestine refugees and will continue to develop and pursue a holistic urban planning and a community-driven approach to camp improvement that will integrate spatial/physical and related environmental, social and economic aspects of the built environment in the provision of shelter, housing, re-housing, environmental infra-structure, socio-economic infrastructure, including UNRWA health facilities, schools and vocational training centers and common urban spaces. This process will produce a strategic vision of the camp in the form of a camp improvement plans (CIP) which provides a platform to address all these pressing elements of the built environment in an integrated and incremental approach that prioritizes interventions leading to an improved built environment in the camps. Furthermore the community driven approach has instrumentally proven to be a very successful tool in engaging the Palestine refugees, and focusing on the most vulnerable, in decisions that involve their everyday life and is gradually shifting their perceptions from being passive recipients of aid into active partners in improving their living conditions. ICIP will continue its effort, through the development of tools and guidelines, in strengthening this approach.
- 4.6 The special hardship cases (SHC) programme has been undergoing reform since 2009 and a poverty-based approach has been adopted instead of the previous categorical approach. Poverty is a multidimensional phenomenon and defined as "a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services". The

reform of the programme takes this definition of poverty into consideration and considers meeting the basic needs of Palestine refugee families as the first priority.

- 4.7 The Social Safety Net Programme (SSNP) overall objective is to contribute towards poverty alleviation and reduce poverty levels among the registered Palestine refugee population in the five fields of UNRWA operations. By adopting the poverty-based approach, the previous income thresholds and eligibility criteria are revised and the payment levels are redefined. The reform concentrates on improving UNRWA's ability to target and serve the abject poor. To effectively address this, RSS currently pursues the utilization of a Proxy Means Testing Formula (PMTF)¹ in all fields to improve its accuracy of targeting the poor. The usage of the PMTF across all fields will permit the Agency to build common understanding of poverty amongst Palestine refugees and formulate appropriate Agency-wide policies that can be understood by a wide-range of stakeholders, including the beneficiaries and host governments.
- 4.8 From a developmental perspective, the poverty-based approach requires in-depth analysis to address the actual needs of poor families and build on their resources and assets. The aim is to better equip those in transient poverty with potential opportunities and resources to escape poverty through their own efforts and through short-term assistance, and therefore, to graduate them from the Programme in the medium to long-term. The only segments of the poor who should be provided with long-term assistance are the chronically poor².
- 4.9 The combination of the poverty line analysis and the PMTF methodology provides uniform, objective, and transparent criteria for all vulnerable Palestine refugees in the five fields of UNRWA operations, taking into consideration the

¹ The term PMTF is used to describe a situation where information on household or individual characteristics correlated with welfare levels is used in a formal algorithm to proxy household income/expenditure, welfare or need. The PMTF is appropriate for use in targeting programmes for the chronic (structural) poor and the transient poor as well.

² Although there is not a single common definition of chronic poverty, but it is commonly defined as a state of perpetual need to the lack of basic necessities and the means of production, social support, and feeling of frustration and powerlessness over a long period of time. The chronic poor are a heterogeneous group and always live in poverty and have very few assets or opportunities to escape it.

socio-economic particularities of each field, as well as family-specific characteristics and interventions. These determinants ensure that every poor Palestine refugee family is treated (classified) equally, based on their poverty and welfare levels. The methodology ensures better targeting of poor families, particularly those living below the absolute poverty line.

OBJECTIVES

- 4.10 Reduce poverty among the poorest Palestine refugees.
- 4.11 Inclusive financial services through access to credit and savings facilities are increased.
- 4.12 Enhanced skills and improved access to employment for Palestine refugees.
- 4.13 Sustained camp development and upgraded substandard infrastructure and accommodation.

CONSTRAINTS AND CHALLENGES

- 4.14 UNRWA provides direct support to the poorest under its special hardship assistance to 291,757 Palestine refugees annually; has trained more than 7,000 graduates in technical and vocational skills; provided 300,000 microfinance products worth \$338 million to Palestine refugees and others since its inception; and in year 2012 rehabilitated around 3,100 shelters (including emergency cases in Gaza). The social safety net programme's primary focus is upon the abject poor, or those who cannot secure their basic food needs. Traditionally, UNRWA has dealt with poverty through its social safety net programme serving approximately 5.5 per cent of all registered Palestine refugees. In 2012, 288,206 Palestine refugees were enrolled in the special hardship assistance programme across the five fields and received food assistance on a quarterly basis.
- 4.15 As of 2012, all the fields have been implementing the new SSNP programme. During 2012 and 2013, all previous SHC families will be assessed against the poverty-based approach and the family found eligible or poor will benefit from the SSNP benefits otherwise it will exit the programme. Moreover, all new cases are subject to assessment and they will only benefit from the programme if they fall below the abject poverty line. By adopting such a mechanism, the SSNP will

ensure that all abject poor families will have the first priority to benefit from the programme.

- 4.16 Although the SSNP will address abject poverty among the Palestine refugee population in the five fields, the current funding available for the Programme is not sufficient to address all those in need. In fact, the total SSNP population as of 2012 is around 294,650 however, the total number of the abject poor or the food insecure is more than 700,000, not taking into consideration the impact of the current crises in the SAR on Palestine refugees. These estimates indicate quite clearly a large deficit in the programme to address the needs of all the abject poor or the food insecure only, let alone trying to address poverty among all the poor.
- 4.17 Increasing poverty has heightened demand for relief and social services, however, donor contributions have not kept pace with these demands. Due to domestic pressures, donor countries' budgets are stretched and changes in food aid funding mechanisms pose a significant challenge to UNRWA to meet the food requirements for the poor.
- 4.18 In the absence of emergencies there are poor Palestine refugees who are able to exit poverty given the right education, training and employment opportunities. While the economic situation in the West Bank and Gaza, as well as limited opportunities for Palestine refugees to work in Lebanon are severe limiting factors for poverty reduction, UNRWA can nevertheless make a significant impact on Palestine refugees' livelihood prospects by equipping them - through training or microfinance - and helping them to access the right opportunities to exit poverty.
- 4.19 And for all Palestine refugees, but especially the most vulnerable, UNRWA's work to raise the quality of refugees' shelter to acceptable standards remains vital if Palestine refugees are to live with the dignity that is their right. Levels of overcrowding among Palestine refugees are very high, especially in camps in the Gaza Strip, Lebanon, SAR and Jordan. In Jordan Field alone, approximately 500 shelters are most urgently in need of rehabilitation.
- 4.20 UNRWA could accommodate only 30 per cent of the applicants to the VTC's. Despite several efforts the expansion of UNRWA TVET has been quite slow and extremely limited. The reasons have been varied ranging from political to resource scarcity to low social perceptions and global financial crisis. The major

issues and constraints of UNRWA TVET include: low access and equity; funding constraints and capacity of VTC's; lack of a TVET quality framework and standards; need for curricula redesign and implementation mechanisms; and weak linkages with industry and labour markets.

- 4.21 Lack of voluntary contributions will contribute to the continuation of sub-standard living conditions, inhabitable shelters and lack of basic infrastructure. Unless a strategic plan, to improve the urban environment, is funded and implemented as a priority, economic, health, social, physical and environmental well-being of Palestine refugees will continue to deteriorate which normally results in economic and health/life loss but also may lead to political unrest, as well as loss of credibility of the Agency in front of the Palestine refugees. Furthermore, emergencies (natural or man-made) result in large scale destruction of infrastructure and will increase demand for repair and reconstruction. The growing humanitarian needs of Palestinians resident in SAR as well as those who have fled to Lebanon and Jordan are creating enormous demands on Agency resources, including staff capacities. The continued isolation of the Gaza Strip and deprivation of the population have resulted in soaring unemployment and food insecurity rates, and approximately half the population dependent on UNRWA for food.
- 4.22 Lack of the urban planning capacity in the fields will delay operationally the Infrastructure & Camp Improvement Programme at the field level. In Jordan Field, there were no funds raised in 2010, 2011 and 2012 to rehabilitate the 500 highest-priority substandard shelters which pose an immediate risk to the safety and security of Special Hardship Assistance programme beneficiaries. In Lebanon, UNRWA's appeal for funding of Nahr El-Bared Camp reconstruction has enabled the Agency to make some progress and begin re-housing some of the camp residents. The appeal however, remains heavily under-funded, leaving most of its 26,000 registered Palestine refugees displaced in temporary accommodation until the camp is rebuilt. The residents require continuous funding to support their critical humanitarian needs; food, shelter, health and education. UNRWA is required to continue to provide Emergency Food Assistance in the form of food parcels.

4.23 Gaza Field has taken a two-pronged approach to the Gaza emergency. Whilst seeking to reactivate the economy through reconstruction and thus bring tens of thousands of families out of aid dependency, the basic needs of those who suffer hardship require attention and care until sustainable solutions are found. Against this backdrop, UNRWA's humanitarian assistance and poverty approach is expressed most prominently through the Emergency Appeal. The promise of increased self-reliance and hope lies with the Gaza Recovery and Reconstruction Plan with projects to build 100 schools, re-build shelters for more than 17,500 beneficiaries, one health centre and WASH projects to upgrade the water and sewage infrastructure in the refugee camps. The funding for these projects is the sole impediment to completion. The implications of not completing these projects include the continued double shifting of schools with the eventual triple shifting of schools and the possibility of not meeting our mandate of providing universal access to education for the growing Palestine refugee population of Gaza with an expected annual increase of 10,000 students in UNRWA's schools.

FINANCIAL RESOURCES

**Table 4-1: A Decent Standard of Living
Resource Requirements by Objective**
(Cash and In-kind, USD'000s)

	2014 Estimate	2015 Estimate
A. Reduced poverty among the poorest Palestine refugees	50,681	49,809
B. Inclusive financial services and access to credit and savings facilities are increased ¹	-	-
C. Enhanced skills and improved access to employment for Palestine refugees	21,390	21,605
D. Sustained camp development and upgraded substandard infrastructure and accommodation	4,712	4,525
Total Regular Budget	76,783	75,939
Project Budget	205,639	201,606
Grand Total	282,422	277,545

1 Excludes Microfinance Department (MD) budget self-sustained through interest income on loan distributions. The total MD budget for the 2014-2015 Biennium is \$30.0 million of which \$29.9 million relates to this Goal.

Table 4-2 : A Decent Standard of Living
Resource Requirements by Category of Expenditure
(Cash and In-kind, USD'000s)

	2010	2011	2012	2013	2014	2015
	Expenditure	Expenditure	Expenditure	Budget	Estimate	Estimate
Staff Costs						
International Staff	741	902	649	861	842	842
Basic Salaries	19,524	19,629	19,180	21,093	21,719	22,152
Hazard Pay and Special Elements	-	-	51	-		
Provident Fund Agency Contributions	2,828	2,844	2,817	3,056	3,233	3,301
SPOA, SOA and Others	555	558	502	600	564	576
Overtime	78	79	55	85	8	8
CAF	1,974	1,985	1,080	2,133	763	757
Special Allowances	1,427	1,435	1,242	1,542	1,272	1,273
Health Related Expenses	490	492	484	529	503	504
Miscellaneous Allowances	46	46	26	49		
Annual Leave Expenses	-			-		
Severance Cash Payment Out	235	237	1,872	254	1,013	1,033
LDC and Temporary Staff -(D)	817	821	492	883	411	411
Sub-total	28,716	29,028	28,449	31,085	30,329	30,857
Non Staff Costs						
Consumption of Inventories	4,867	13,447	8,215	32,261	24,942	22,912
Non inventory Supplies	746	2,061	2,295	4,945	1,831	1,865
Utilities	594	688	510	628	885	911
Maintenance of Premises	1,231	1,166	981	694	1,241	1,242
Equipment and Construction	1108.633	1,138	1,690	1,134	745	575
Training	224	232	64	559	189	176
Travel	164	196	111	115	153	156
Admin Support Services	864.977	448	209	463	208	213
Consultancy Services	255	254	205	121	261	261
Hospital Services		-				
Miscellaneous Services	101	569	522	447	652	659
Subsidies to Hardship Cases	-	36	12,624	13,529	7,177	7,202
Subsidies to Patients	2	17	16	154	12	16
Third Parties Subsidies				-	112	112
Other Subsidies	7,294	11,071	93	330	30	32
Reserves	-		-	25	8,284	9,025
Cost Recovery	(224)	(700)	(251)	(413)	(268)	(274)
Depreciation ¹		5,486				
Sub-total	17,227	36,108	27,283	54,992	46,454	45,082
Total Staff and Non-Staff Cost	45,943	65,136	55,732	86,077	76,783	75,939
Emergency Appeal	76,405	131,750	86,310	-		
Projects	14,143	65,563	74,411	265,673	205,639	201,606
Grand Total	136,491	262,449	216,453	351,750	282,422	277,545

¹ Depreciation in 2011: represents the first time recognition of UNRWA assets.

**Table 4-3: A Decent Standard of Living
Project List
(USD'000s)**

	2014 Estimate	2015 Estimate
Camp Development Package	12,043	12,043
Gaza Reconstruction	75,000	75,000
Walking Together, Walking Far Participatory Camp Improvement Planning in the central West Bank	963	963
Engaging Palestine Refugee Youth in Jordan Project	5,013	2,000
Shelter Rehabilitation	22,000	22,000
Nahr El-Bared Camp Relief	12,120	11,100
Nahr El-Bared Camp reconstruction	78,500	78,500
Total Projects' Budget	205,639	201,606

Strategic Objective: Reduce poverty among the poorest Palestine refugees

Expected Accomplishments	Indicators of Achievement	Measurement
Ability of poor Palestine Refugee families to meet their basic consumption needs improved	Increased percentage of abject poor among beneficiaries of the UNRWA social safety net	Unit of measure: Per cent Baseline: : 56% Target: 59%

A. Reduced poverty among the poorest Palestine refugees

Output	2014	2015
Advocacy and awareness efforts have addressed the root causes of inequality and led to policy changes that stimulate pro-poor growth among refugees	11	11
All stakeholders (refugees, host government, UNRWA Staff) have accepted UNRWA poverty targeting and programming	5	5
Community counseling services available to refugees	496	507
Effect of small-scale emergencies on refugee families mitigated	2,914	2,896
Field able to identify and classify poverty amongst refugees	8,236	8,318
Access to integrated services provided to poor and vulnerable refugees	11,215	8,731
Management and leadership improved for implementation of West Bank poverty strategy	903	932
Food insecure refugees provided with food assistance	17,317	17,815
RSS HQ supports fields to improve humanitarian assistance and development programming	9,252	10,257
Vulnerable and poor refugees have access to credit schemes	332	337
Total	50,681	49,809

Strategic Objective: Inclusive financial services and access to credit and savings facilities are increased

Expected Accomplishment	Indicator of Achievement	Measurement
Increase in number of clients (including vulnerable groups) accessing credit and saving products	(i) Increase in the value of loans disbursed	Unit of measure: \$ million Baseline: \$174 Target: \$246 For Women: Baseline: \$29.5 Target: \$45
	(ii) Increase in the number of loans disbursed	Unit of measure: Number Baseline: 174,000 Target: 246,000 For Women: Baseline: 56,000 Target: 85,000
	(iii) Percentage of clients accessing credit products segregated by: a) poor clients,; b) low-income clients	Unit of measure: Per cent Baseline: 23% Target: 18% For low-income clients: Baseline: 51% Target: 51%

B. Inclusive financial services and access to credit and savings facilities are increased

Output	2014	2015
Range of credit products financed through loan products *		
Total for Expected Accomplishment		
Total for Strategic Objective		

* Excludes Microfinance Department (MD) budget self-sustained through interest income on loan distributions. The total MD budget for the 2014-2015 Biennium is \$30.0 million of which \$29.9 million (\$14.4 million for 2014 and \$15.4 million for 2015) relates to this Strategic Objective.

Strategic Objective: Enhanced skills and improved access to employment for Palestine refugees

Expected Accomplishments	Indicators of Achievement	Measurement
Improved employment opportunities for Palestine refugees	Increase in the female and male employment rates for graduates within 12 months of graduation	Unit of measure: Per cent For Female Baseline: 80% Target: 80% For Male Baseline: 78% Target: 78%

C. Enhanced skills and improved access to employment for Palestine refugees

Output	2014	2015
Effective and efficient career guidance ensured	50	50
Increased access to higher education	31	32
Appropriate and relevant vocational training in conducive learning environment	21,309	21,523
Total	21,390	21,605

Strategic Objective: Sustained camp development and upgraded substandard infrastructure and accommodation

Expected Accomplishments	Indicators of Achievement	Measurement
Vulnerable families living in improved shelters	Increase in the number of Palestine refugee families living in substandard shelters that have improved living conditions (excluding emergency shelters in Gaza and Nahr el-Bared camp, Lebanon)	Unit of measure: Number Baseline: 4,500 Target: 5,500

D. Sustained camp development and upgraded substandard infrastructure and accommodation

Output	2014	2015
CIPs and Shelters are meeting UNRWA standards, procedures and technical guidance.	151	149
Direct Implementation Capacity in the area of shelter design and urban planning for camp improvement	129	127
Improved physical-spatial conditions in the camp	3,963	4,034
Programme is supported through policies, strategies, fund raising, partnerships and advocacy of related refugee rights	469	215
Total	4,712	4,525

Goal 4: HUMAN RIGHTS ENJOYED TO THE FULLEST

HUMAN DEVELOPMENT GOAL

- 5.1 Just and equitable human development requires respect for human rights. Protection is a cross-cutting theme for the Agency, meaning that protection issues will be taken into consideration in all programming.
- 5.2 UNRWA's protection work has internal and external dimensions. Internally, UNRWA promotes protection through programming and service delivery. Externally, it engages in monitoring and reporting of Palestine refugee conditions, undertakes appropriate interventions and, at the international level, the Commissioner-General highlights the need for a just and durable solution to the conflict that respects the right of the Palestine refugees.
- 5.3 As a major provider of public services, UNRWA has a particular responsibility to seek to ensure protection in the way it delivers its own services, so that the rights, dignity and safety of its beneficiaries are respected. UNRWA is therefore committed to incorporating minimum protection standards into all UNRWA programming and service delivery, acting to eliminate violence in schools, taking steps to prevent gender-based violence and abuse of children, and promoting knowledge of individual rights through long-term human rights and tolerance programming in its schools. UNRWA's protection mainstreaming efforts focus on strengthening a "protection reflex" at all levels of the Agency, so that protection needs are analysed and protection principles incorporated in all stages of programme cycle management.
- 5.4 The provision of essential services by UNRWA, and ensuring access to them under different circumstances including armed conflict, is integral to the enjoyment of rights of the Palestine refugees. Direct and indirect engagement with

external duty bearers helps create and consolidate an environment and practices in which rights are respected. These rights include economic and social rights associated with UNRWA's core areas of service delivery, such as education, health and an adequate standard of living, as well as civil and political rights such as the right to life, the right to security of person, the right to freedom from discrimination, the right to freedom of movement and the right to protection from arbitrary displacement. In situations of armed conflict these rights also include those provided to protected persons under International Humanitarian Law. Effective monitoring and reporting mechanisms are essential to the implementation of these protection activities.

OBJECTIVES

- 5.5 Rights of Palestine refugees are safeguarded and advanced.
- 5.6 Strengthened capacity of Palestine refugees to formulate and implement sustainable social services in their communities.
- 5.7 Palestine refugee registration and eligibility for UNRWA services are in accordance with relevant international standards.

CONSTRAINTS AND CHALLENGES

- 5.8 UNRWA's protection mainstreaming efforts during 2012-2013 focused on strengthening training and familiarization of staff with UNRWA protection standards, so that protection principles are increasingly incorporated into the way UNRWA designs its programming and delivers its services. This included incorporation of protection modules in UNRWA's Emergency Response Training, International Law Course, Induction Training, the development of a specific e-learning tool on protection, facilitation of protection workshops and Field specific protection training modules. Lack of funding is a major constraint to further develop and strengthen protection training across the Agency.
- 5.9 In terms of advocacy during 2012-13 UNRWA strengthened its capacity to monitor and respond to protection issues affecting Palestine refugees and continued to appeal to relevant duty bearers, including the international community, to uphold international legal principles. UNRWA must continue to become more systematic and predictable in monitoring, reporting and intervening

on protection issues, so authorities in all contexts come to expect UNRWA to be a voice and reference point for rights issues affecting Palestine refugees. At the international level UNRWA has continued to raise awareness of the situation of Palestine refugees, including by the provision of briefings to donors and the diplomatic community, input to international human rights mechanisms, facilitating Palestine refugees to speak on their own behalf at various international forums and through public advocacy. Lack of political will among the international community to address many of the protection challenges faced by Palestine refugees continues to be a major challenge.

- 5.10 Political turmoil in the region during the period 2012-13 resulted in or exacerbated major challenges to the protection of Palestine refugees in most of UNRWA's Fields of operation. This was particularly acute in SAR in connection with the conflict there. UNRWA's ability to intervene in such contexts depends on the possibility to access information without further compromising the safety of beneficiaries or staff, and its ability to engage in a dialogue on protection issues with the concerned authorities. UNRWA, like other humanitarian agencies operating in this environment has faced major challenges in this regard. Nevertheless UNRWA continues to work towards building the conditions necessary to engage with all relevant duty bearers on issues affecting the rights of Palestine refugees in SAR and in neighbouring countries. UNRWA's continued delivery of emergency assistance to the affected population in extremely difficult circumstances, as well as calls to all parties to the conflict to ensure respect of the civilian population, have been major components of its protection response throughout this period.
- 5.11 In 2012-2013, the Agency continued to use tools to develop the capacity of community organisations and to track strength and growth of key systems such as governance, finance, management, and technical capacity. The Agency supported the work through dedicated staff commitment to community partner organisations and, in some cases, small grants.
- 5.12 The Agency also undertook extensive consultations regarding the structure of its relationship with community organizations and evaluating some of the

programmes run by the organizations, such as micro-lending. Decisions and learning will be translated into programmatic reforms over the coming biennium.

- 5.13 A number of challenges face the social services programme, most notably variations in practice and management of the structural relationships with community based organisations across the Agency which makes it difficult to assess impact of Agency investments. Over the coming biennium, UNRWA will work with partner organizations and Host Governments to rationalise these relationships and to continue to assure high quality services are accessible to the most vulnerable.
- 5.14 As part of UNRWA's desire to improve service delivery to Palestine refugees, the Agency developed a new online web-based Refugee Registration Information System (RRIS) replacing the out-dated Field Registration System. Following a period of development challenges, the system has largely stabilised and issues related to functionality and data integrity have largely been resolved. UNRWA has built its internal capacity to support and manage this large census data system and will continue to do so. With the system stabilised, the Agency has been able to focus on development of a module in the system to support the Agency registration and tracking of Palestine refugees normally resident in SAR who have sought refuge in the Agency's other fields of operations.
- 5.15 The RRIS has kept base with the organisational reforms undertaken by the Agency over the past several years, devolving greater authority to the Fields in the service of Palestine refugees. Many basic services are now conducted on the spot without lengthy clearances and amended family cards can be issued immediately upon the registration transaction in most cases. To assure continued improved and dignified services to Palestine refugees, the Agency has invested in appropriate training for front line registration staff.
- 5.16 The Agency's financial constraints continue to pose a challenge to Refugee Eligibility and Registration services, facilities, and systems. With the number of registered persons more than 5.2 million, additional staff, improved facilities and public outreach, and enhanced connectivity would make a significant contribution to the Agency's ability to protect and serve Palestine refugees.

- 5.17 The Agency's ability to achieve its objectives is reliant on a range of factors outside its direct control, including the facilitation of host and other governments in the region. The political context in the region poses a significant challenge to fulfilment of this human development goal.

FINANCIAL RESOURCES

**Table 5-1: Human Rights Enjoyed to the Fullest
Resource Requirements by Objective**
(Cash and In-kind, USD'000s)

	2014 Estimate	2015 Estimate
A. Rights of Palestine refugees are safeguard and advanced	199	197
B. Strengthened capacity of refugees to formulate and implement sustainable social services in their communities	1,371	1,388
C. Palestine refugee registration and eligibility for UNRWA services are in accordance with relevant international standards	2,291	2,362
Total Regular Budget	3,861	3,947
Project Budget	4,515	353
Grand Total	8,376	4,300

**Table 5-2 : Human Rights Enjoyed to the Fullest
Resource Requirements by Category of Expenditure**
(Cash and In-kind, USD'000s)

	2010	2011	2012	2013	2014	2015
	Expenditure	Expenditure	Expenditure	Budget	Estimate	Estimate
Staff Costs						
International Staff	471	498				
Basic Salaries	1,962	1,885	2,235	2,011	2,360	2,401
Hazard Pay and Special Elements	1	1	14	1		
Provident Fund Agency Contributions	292	280	328	299	349	356
SPOA,SOA and Others	73	70	43	75	43	44
Overtime and Excess hours supplement	2	2	4	3	8	8
CAF	174	167	108	178	66	66
Special Allowances	152	146	215	156	213	213
Health Related Expenses	44	42	50	45	48	48
Miscellaneous Allowances	6	6	2	6		
Annual Leave Expenses	-		-	-		
Severance Cash Payment Out	66	64	85	68	126	190
LDC and Temporary Staff -(D)	50	48	57	51	161	161
Sub-total	3,293	3,209	3,141	2,892	3,375	3,487
Non Staff Costs						
Consumption of Inventories	5	9	15	17	13	13
Non inventory Supplies	24	40	70	78	60	51
Utilities	-	-	-	1	1	0
Maintenance of Premises	40	42		1	25	10
Equipment and Construction	59	120	78	42	10	10
Training	32	35	12	63	81	73
Travel	47	19	13	29	61	59
Admin Support Services	2	11	23	3	4	4
Consultancy Services	43	33	4	29	35	35
Hospital Services		-				
Miscellaneous Services	65	53	9	23	72	74
Subsidies to Hardship Cases		-	358	329	169	169
Subsidies to Patients	61	62	61	26	17	26
Third Parties Subsidies				-	20	20
Other Subsidies	745	746	81	80	80	80
Reserves						
Cost Recovery		(29)	(185)	(93)	(161)	(164)
Depreciation ¹		1,490				
Sub-total	1,126	2,631	539	628	487	461
Total Staff and Non-Staff Cost	4,420	5,840	3,680	3,520	3,861	3,947
Emergency Appeal	15,663	20,196	4,151	-		
Projects	2,367	3,952	4,708	12,765	4,515	353
Grand Total	22,449	29,988	12,539	16,285	8,376	4,300

¹ Depreciation in 2011: represents the first time recognition of UNRWA assets.

**Table 5-3: Human Rights Enjoyed to the Fullest
Project List**
(USD'000s)

	2014 Estimate	2015 Estimate
Gender initiative	4,162	-
Child and Family Protection through Case Management and Multi - Disciplinary Team	150	150
Protecting Refugee Registration Records - Integration of Refugee Index Cards in Refugee Information System	75	75
Legal Aid to Palestine Refugees	128	128
Total Projects' Budget	4,515	353

Strategic Objective: Rights of Palestine refugees are safeguarded and advanced

Expected Accomplishment	Indicators of Achievement	Measurement
Awareness and respect for the rights, safety and dignity of Palestine refugees increased.	(i) Increase in the percentage of UNRWA interventions on rights issues that prompted positive responses from the authorities or other target audience	Unit of measure: Per cent Baseline: 35% Target: 40%
	(ii) Increase in the degree of compliance with UNRWA protection standards.	Unit of measure: Per cent Baseline: 58% Target: 70%

A. Rights of Palestine refugees are safeguard and advanced

Output	2014	2015
Gender is mainstreamed through programming and services	96	96
Youth is mainstreamed through programming and services	80	80
Human rights awareness in schools	23	21
Total	199	197

Strategic Objective: Strengthened capacity of refugees to formulate and implement sustainable social services in their communities.

Expected Accomplishment	Indicators of Achievement	Measurement
Refugee capacity to formulate and implement sustainable social services to poor and socially vulnerable refugees in their communities increased	Percentage of community-based organizations that improve their level of performance	Unit of measure: Per cent Baseline: 69% Target: 72%

B. Strengthened capacity of refugees to formulate and implement sustainable social services in their communities

Output	2014	2015
Capacity of CBOs to deliver quality social and financial services strengthened	673	678
CBOs ability to target the poor and socially vulnerable improved	329	335
Relief Management	369	375
Total	1,371	1,388

Strategic Objective: Palestine refugee registration and eligibility for UNRWA services are in accordance with relevant international standards

Expected Accomplishment	Indicator of Achievement	Measurement
Palestine refugee status and entitlements to UNRWA services protected	(i) Percentage of new inscriptions meeting UNRWA standards maintained	Unit of measure: Per cent Baseline: 99% Target: 99%
	(ii) Percentage of registered Palestine refugee families issued with family registration card	Unit of measure: Per cent Baseline: 59% Target: 75%

C. Palestine refugee registration and eligibility for UNRWA services are in accordance with relevant international standards

Output	2014	2015
Communication and training of UNRWA staff on roll-out of RRIS	13	13
Eligibility and registration services provided to refugees in an efficient and dignified manner	2,124	2,197
Recommendations of annual external evaluation of RRIS functionality implemented	154	152
Total	2,291	2,362

CHAPTER VI

Goal 5: EFFECTIVE AND EFFICIENT GOVERNANCE AND SUPPORT IN UNRWA

MANAGEMENT SERVICES GOAL

- 6.1 The goal of effective and efficient governance and support in UNRWA is to promote and sustain the best possible standards of management, enhance stakeholder relations, and enable the delivery of quality programmes that help achieve the human development of the Palestine refugees.
- 6.2 This goal is achieved by the following Headquarters Departments, and the Field Offices.
- (i) Commissioner General's Office (including Representative Offices in Brussels, UN Headquarters in New York, and Washington, DC)
 - (ii) Department of Administrative Support
 - (iii) Department of Human Resources
 - (iv) Department of Finance
 - (v) Department of Legal Affairs
 - (vi) Department of Internal Oversight Services
 - (vii) External Relations & Communications Department
 - (viii) Programme Coordination Support Unit
 - (ix) UNRWA Dispute Tribunal
- 6.3 Over the 2014-2015 biennium, UNRWA's programme and support departments will provide sound direction and support to ensure efficiency and effectiveness in the delivery of quality services to Palestine refugees. The following three focus areas complement the Agency's two Goal 5 strategic objectives, listed below: 1) Strategic decision-making and support for optimal programme performance, including through implementation of programme reforms, through on-going

development of the Agency's regulatory framework and of its workforce, and through the promotion of accountability of the Agency, including staff for their conduct; 2) Strengthened resource mobilization, stakeholder relationships (e.g., partnerships), and communication, to ensure the financial and political support required to sustain the Agency's implementation of its mandate; and 3) Enhanced management information systems and efficient logistical support for direct service delivery Agency-wide.

- 6.4 These focus areas build on UNRWA's strengths and take into account the mid-term evaluation of the Agency's 2010-2015 Medium Term Strategy. They assume sufficient funds to continue the roll out of Agency-wide reforms on health and education and in particular the implementation of the Enterprise Resource Planning (ERP) system. The ERP system will upgrade the Agency's information management in the support service areas of procurement, logistics, finance, human resources and grant management. The ERP system will provide UNRWA with the infrastructure needed to enable an Agency-wide approach to information distribution to support improved and decentralized decision-making and evaluation, while ensuring overall monitoring and oversight at the headquarters level. It is planned that the system will be rolled out in full by January 2015, assuming all resource needs are met.

OBJECTIVES

- 6.5 Provide leadership, strengthen governance and foster partnerships.
- 6.6 Develop and sustain UNRWA, enabling it to carry out its mandate.

CONSTRAINTS AND CHALLENGES

- 6.7 The continuing financial pressures facing UNRWA affect governance capacity, with implications for the Agency as a whole. Large funding gaps will pose a severe challenge to both support and programme services. For example, the chronic underfunding of relief and social service activities for poverty reduction and shelter rehabilitation challenges the Agency's ability to meet the pressing needs of the Palestine refugee population. This underfunding is compounded by increasing food, commodity and fuel prices in the region, which are expected to further increase. Mobilizing sufficient resources to sustain programme coverage

and reforms is a priority. This will be done through the UNRWA Resource Mobilization Strategy for 2012-2015 which focuses on deepening partnerships with traditional donors, diversifying the UNRWA donor base and building Agency capacity to mobilise resources and manage donor relations.

- 6.8 In light of on-going reforms and political developments in the region, stakeholders' expectations – including donors, hosts and beneficiaries – are high and growing. As UNRWA seeks to meet these expectations, it notes that reforming public services is a complex task that does not yield results quickly. The task is complicated further by conditions of both protracted and armed conflict as well as growing instability in the Agency's areas of operations. The 2012-2013 biennium has, so far, experienced multiple volatile periods of hostilities in Gaza, and the armed conflict in the Syrian Arab Republic has continued to affect Palestine refugees throughout four of UNRWA's five fields of operation. Agency operations in SAR are significantly affected, and operations in Jordan and Lebanon have been impacted, while Gaza is anticipating a small caseload of Palestine Refugees from SAR (PRS).
- 6.9 Notably, the 2014-2015 biennium will be marked by the development of UNRWA's second Medium Term Strategy (MTS), spanning 2016-2021. In order to meet the needs of Palestine refugees, UNRWA will build a strategy that strengthens the core social services provided by the Agency, while leveraging areas of organizational expertise and identifying key priorities for the strategic period. Maintaining a strong, dynamic and flexible staff body will be instrumental to implementing the next MTS and the 2014-2015 biennium will ensure the continued roll out of human resource tools needed to enable this.

FINANCIAL RESOURCES

Table 6-1: Effective and Efficient Governance and Support in UNRWA
Resource Requirements by Objective
 (Cash and In-kind, USD'000s)

	2014 Estimate	2015 Estimate
A. Provide leadership, strengthen governance and foster partnerships	26,860	26,962
B. Develop and sustain UNRWA, enabling it to carry out its mandate	94,260	85,575
Total Regular Budget	121,120	112,537
Project Budget	5,154	3,970
Grand Total	126,274	116,507

* Excludes Microfinance Department (MD) budget self-sustained through interest income on loan distributions. The total MD budget for the 2014-2015 Biennium is \$30.0 million of which \$29.9 million (\$14.4 million for 2014 and \$15.4 million for 2015) relates to this Goal.

Table 6-2 : Effective and efficient governance and support in UNRWA
Resource Requirements by Category of Expenditure
(Cash and In-kind, USD'000s)

	2010	2011	2012	2013	2014	2015
	Expenditure	Expenditure	Expenditure	Budget	Estimate	Estimate
Staff Costs						
International Staff	23,068	24,296	24,483	27,765	26,966	26,966
Basic Salaries	22,723	22,970	25,518	26,912	29,142	29,634
Hazard Pay and Special Elements	-	-	53	-		
Provident Fund Agency Contributions	3,158	3,395	3,720	3,978	4,288	4,377
SPOA, SOA and Others	1,149	1,235	1,383	1,447	1,667	1,725
Overtime	459	493	364	578	470	495
CAF	2,308	2,482	1,552	2,907	1,087	1,081
Special Allowances	2,228	2,396	3,041	2,807	4,326	4,325
Health Related Expenses	2,257	2,426	(780)	2,843	1,404	1,410
Miscellaneous Allowances	166	178	103	209	240	248
Annual Leave Expenses	-	-	-	-		
Severance Cash Payment Out	8,142	8,753	2,260	10,256	1,270	1,646
LDC and Temporary Staff -(D)	1,280	1,377	1,626	1,613	5,688	5,852
Sub-total	66,937	70,001	63,323	81,314	76,547	77,758
Non Staff Costs						
Consumption of Inventories	3,182	3,259	8,818	3,083	4,126	4,225
Non inventory Supplies	1,650	1,690	1,956	1,598	1,799	1,816
Utilities	1,783	2,298	2,104	1,472	2,852	2,804
Maintenance of Premises	701	553	5,241	1,188	1,590	1,640
Equipment and Construction	4,256	3,091	10,879	5,935	18,885	7,494
Training	807	918	776	1,243	956	931
Travel	1,590	1,622	1,553	1,775	1,470	1,471
Admin Support Services	4,366	4,845	4,268	4,402	4,915	4,961
Consultancy Services	1,371	2,547	1,634	2,036	1,506	1,512
Hospital Services		-				
Miscellaneous Services	4,787	5,021	5,440	5,328	5,568	6,400
Subsidies to Hardship Cases		-	704	730	120	120
Subsidies to Patients		-		-	693	693
Third Parties Subsidies				-		
Other Subsidies	825	884	533	113	170	170
Reserves	-			637	543	549
Cost Recovery	(5,313)	(5,438)	(3,291)	(26,954)	(623)	(8)
Depreciation ¹		9,299				
Sub-total	20,005	30,590	40,615	2,586	44,573	34,779
Total Staff and Non-Staff Cost	86,942	100,591	103,937	83,900	121,120	112,537
Emergency Appeal	6,910	10,958	12,377	-		
Projects	2,108	4,309	7,779	20,623	5,154	3,970
Grand Total	95,960	115,858	124,094	104,523	126,274	116,507

¹ Depreciation in 2011: represents the first time recognition of UNRWA assets.

Table 6-3: Effective and Efficient Governance and Support in UNRWA
Project List
(USD'000s)

	2014	2015
	Estimate	Estimate
ICT Social Enterprise	1,300	-
Mainstreaming environmentally friendly measures in UNRWA operations	1,629	2,500
Replacement of decrepit, expensive-to-run and potentially hazardous Cold Storage Unit for Medical Supplies	755	-
Strengthen mainstreaming of Cross-Cutting Issues in Jordan Field Office	100	100
Lebanon Operations Support Officers Programme	1,370	1,370
Total Projects' Budget	5,154	3,970

Strategic Objective: Provide leadership, strengthen governance and foster partnerships

Expected Accomplishments	Indicators of Achievement	Measurement
a) Well-managed stakeholder relationships that ensure adequate funding, and effective representation and communication	Share of traditional donor income of the General Fund (GF)	Unit of Measure: Per cent Baseline: 89% Target: 84%
b) Strengthened accountability, transparency, integrity and learning within the agency	Implementation status of audit recommendations	Unit of Measure: Per cent Baseline: 72% Target: 100%

A. Provide leadership, strengthen governance and foster partnerships

Output	2014	2015
Ability of the Agency to manage allegations of serious misconduct strengthened	117	118
Strengthen governance and conformity with the Agency's regulatory framework, UN jurisprudence and international law	1,992	1,997
Agency capacity to mobilize resources and manage donor relations developed	4,923	4,934
Independent and objective assurance of UNRWA's risk management, controls, and governance processes	3,079	3,092
Independent, credible and useful evaluation of UNRWA's service delivery and related support	279	280
Independent, impartial and confidential ethics advice, awareness raising, policy support and whistleblower protection	128	129
Independent, impartial and judicious decisions issued in a fair and timely manner to applications appealing administrative decisions of the Agency	1,059	1,041
Productive relationships with local governments and authorities, the UN system and the wider international community	1,970	1,976
Provision of effective leadership and direction for achieving all goals	12,043	12,122
Strategic and operational plans used to monitor performance and learn lessons	1,270	1,273
Total	26,860	26,962

Strategic Objective: Develop and sustain UNRWA, enabling it to carry out its mandate

Expected Accomplishments	Indicators of Achievement	Measurement
a) Optimal support services provided to stakeholders Agency-wide	Average supplier performance using Delivery in Full on Time Specification (DIFOTIS) for basic commodities, medical goods and general services maintained	Unit of Measure: Per cent Baseline: 85% Target: 90%
b) A skilled and diverse workforce equipped and motivated to provide high quality human development programmes	% of staff who have completed their end of cycle, electronic performance review on time	Unit of Measure: Per cent Baseline: New Target: 100%
c) Provision of IPSAS compliant optimal financial services ensured	Percentage of audit recommendations implemented	Unit of measure: Per cent Baseline: 60% Target: 100 %

B. Develop and sustain UNRWA, enabling it to carry out its mandate		
Output	2014	2015
A streamlined classification and compensation system in place	353	354
Institutionalize and optimize the security risk management system	8,048	8,509
Development and Implementation of the new ERP system	10,400	-
Effective leadership oversight of performance and coordination as pertains to Administrative Support Department	398	413
Enhanced HR services, Policies, and Tools that support staffing and recruitment, performance management and reward, staff development and training, and talent management	14,571	14,789
Ensure appropriate goods, commodities and services are available to UNRWA beneficiaries in a timely and cost-effective manner	26,024	25,387
Ensure effective advice on organizational design and decentralized post management in line with Agency strategy and reform plans	441	452
Ensure good performance and efficiency in the provision of general services to all UNRWA staff	10,041	10,094
Financial services provided (management information and advice, financial transaction processing, accounting and reporting)	9,379	10,079
HR management strategies aligned to the agency vision and mission, clearly communicated to staff	737	738
Minimum Operating Security Standards.	938	870
Passenger and goods transported by a well maintained vehicle fleet	2,745	2,798
Provision of effective and efficient ICT management and support services to UNRWA in fulfilling its mandate towards the Palestine refugees	7,267	8,126
Sustaining effective functionality of the current ERP system to meet departments requirements while transitioning to the new system	672	676
UNRWA installations maintained and upgraded	2,246	2,290
Total	94,260	85,575

CHAPTER VII

UNITED NATIONS BOARD OF AUDITORS RECOMMENDATIONS - IMPLEMENTATION STATUS

Table 11 below illustrates the current status of 36 recommendations in the United Nations Board of Auditors (UNBOA) report for 2010-2011. As of 31 July 2013, 25 recommendations were implemented; 10 under implementation and one are overtaken by events.

UNRWA's management is committed to implementing the recommendations, some of which require additional funding, span biennia or require strategic intervention. Most of the recommendations indicated as under implementation are planned in the third and fourth quarter of the 2013.

**Table 11: Implementation Status of the UNBOA Recommendations for the
Biennium Ended**

Department	Number of Recommendations	Implementation Status			
		Implemented	Under Implementation	Not Implemented	Overtaken by Events
External Relation and Communication Department	5	3	2		
Finance Department	5	5			
Department of Administrative Support	12	6	6		
Programme Coordination and Support	2	1	1		
Department of Human Resources	6	5			1
Department of Internal Oversight Services	4	4			
Executive Management	2	1	1		
Total	36	25	10		1

CHAPTER VIII

WORKLOAD INDICATORS & STATISTICS

Key workload indicators and statistics for each Human Development Goal are provided in Table 12 below in order to illustrate the magnitude of the task facing UNRWA in achieving its mission with respect to the Palestine refugee population.

Table 12: WORKLOAD INDICATORS & STATISTICS

Indicator	U* o M	2008-2009 Actual	2010-2011 Actual	As at 31-12-2012
Refugee Population (RP)	No.	4,766,670	5,115,755	5,271,893
Increase in RPs	%	2.4	3.6	3.1
Education Staff	No.	21,217	22,904	22,885
Pupil Enrolment	No.	479,156	482,795	491,641
Schools	No.	689	700	703
In-service teachers in training	No.	938	1,415	891
Vocational & Technical Training Centres (VTTC)	No.	10	10	9
VTTC Training Places	No.	6,395	6,209	7,024
Health Staff(excluding environmental health)	No.	2,809	3,111	3,429
Primary Health Care Facilities	No.	138	137	139
Patient visits	No.	20,670,009	21,794,928	9,925,272
Average daily consultations per doctor	No.	101	101	105
A decent Standard of Living				
Special Hardship Cases	No.	257,222	288,405	292,259
Ratio of SSN cases to social workers	Ratio	1:244	1:256	1:264
Number of loans made	No.	52,858	73,591	32,892
Value of Loans made (cumulative)	\$	68,809,413	86,677,034	36,429,046
Shelters rehabilitated /constructed	No.	1,663	9,677	15,284
Human Rights Enjoyed to the Fullest				
Refugees benefiting from social services through CBOs	No.	272,192	387,868	194,834
Effective and Efficient Governance and Support in UNRWA				
ICT service users	No.	5,773	9,016	9,971
UNRWA Area staff posts	No.	27,421	28,949	30,946
Accounting vouchers processed	No.	263,370	265,005	134,752
Provident Fund Assets	\$'000	985,028	1,053,380	1,154,147

(1) Palestine refugee population.

* UoM = Unit of Measurement

ACCRUAL BUDGETING – FROM IPSAS TO UNSAS

1. In previous biennia up to 2012-2013, the Programme Budget was presented as per Modified Cash Basis (UNSAS). However, with UNRWA now fully IPSAS compliant effective 1 January 2013, in accordance with Regulation 9.2 of updated Financial Regulations, the tables below reflect the movement in budget from IPSAS (Accrual Budget) to UNSAS used for internal management purposes only.

2. **Accrual Budget Definition:**

Using accrual concepts, budgeting under IPSAS simply implies quantitative limits on the expenses incurred as opposed to using cash payments as basis.

3. **Why Accrual Budget:**

- a. Shifts attention from a basic cash management function to managing all expenses associated with service delivery
- b. Detects where funding levels do not match up to service delivery
- c. Greater linkages between budgeting and financial reporting on the same basis of accrual accounting; i.e. improve comparability of data.
- d. Improve decision making with respect to assets – including the acquisition, disposal and maintenance of fixed assets, and the management of stocks
- e. Strengthen accountability and financial management
- f. Reflects full scope and size of the Agency's:
 - o Resources (all financial and non-financial assets)
 - o Obligations (all liabilities)
 - o Greater focus on consumption of resources
 - o Budgeting and forecasting would be based on anticipated economic events, revenues, and operational costs in the fiscal year, not anticipated receipts or payments in the fiscal year.

4. The tables 9-1 to 9-5 reflect the following main changes when budgeting under IPSAS as compared to UNSAS:
 - a. Capital Expense (CAPEX): Under UNSAS, capital requirements are treated as expenditure whereas under IPSAS, treated as an Asset and therefore included under the Capital Budget.
 - b. Severance / Early Voluntary Retirement: Under UNSAS includes estimates reflecting the cash payout required for staff retiring of \$13.5 million and \$15.0 million in 2014 and 2015 respectively. Under IPSAS, it captures the net movement in provision for Severance / Early Voluntary Retirement accrued for all around 30,000 staff on board (explained below in c), estimated at \$46.7 million and \$58.3 million in 2014 and 2015 respectively.
 - c. Severance Provision: Reflects the non-cash severance accrued for the around 30,000 Area (National) staff on the Agency payroll.
 - d. Salary Reserve (LFO): This reflects the retroactive salary increase of \$3.9 million approved for Lebanon Field Office for the period 1st of September – 15th of December 2012 payable in January 2014. This is excluded under IPSAS; as provision for the same was recorded in 2013.
 - e. Depreciation: Under IPSAS, this item reflects the non-cash depreciation expense accrued for all assets owned by the Agency estimated at \$22.2 million and \$20.5 million in 2014 and 2015 respectively. Being a non-cash expense, it is not part of the UNSAS Budget.
 - f. Annual Leave: Under IPSAS, this item reflect the non-cash leave provision of the around 30,000 Area (National) staff accrued during the year estimated at \$2.0 million per annum, and therefore is only reflected under IPSAS.

5. **Tables presented below include:**

Table 9-1: Summary of 2014-2015 Total Budget Volume by Human Development Goal

Table 9-2: Summary of 2014-2015 Total Budget Volume by Programme

Table 9-3: Summary of 2014 Total Budget Volume per Field per HQ Department

Table 9-4: Summary of 2015 Total Budget Volume per Field per HQ Department

Table 9-5: Summary of 2014-2015 Total Budget Volume by Resources

TABLE 9-1 BIENNIUM BUDGET 2014-2015
Summary of 2014-2015 Agency Wide Total Budget Volume by Human Development Goal
(USD'000s)

Goal	2014 Fiscal Year					2015 Fiscal Year					2014-2015 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash ¹	In Kind	Total			Cash ¹	In Kind	Total			Cash ¹	In Kind	Total		
A Long and Healthy Life	131,712	1,730	133,442	19,954	153,396	139,791	1,730	141,521	24,304	165,825	271,503	3,460	274,963	44,258	319,221
Acquired Knowledge and Skills	384,062	530	384,592	12,173	396,765	401,401	530	401,931	8,186	410,117	785,463	1,060	786,523	20,359	806,882
A Decent Standard of Living	81,103		81,103	205,639	286,742	80,764		80,764	201,606	282,370	161,867	-	161,867	407,245	569,112
Human Rights Enjoyed to the Fullest	4,837		4,837	4,515	9,352	4,925		4,925	353	5,278	9,762	-	9,762	4,868	14,630
Effective and efficient governance and support in UNRWA	114,536		114,536	5,154	119,690	116,766		116,766	3,970	120,736	231,302	-	231,302	9,124	240,426
Total Goal Requirements	716,250	2,260	718,510	247,435	965,945	743,647	2,260	745,907	238,419	984,326	1,459,897	4,520	1,464,417	485,854	1,950,271
Contingency Reserve ²	16,000		16,000		16,000	16,000		16,000		16,000	32,000	-	32,000	-	32,000
Salary Reserve ³	5,000		5,000		5,000	15,000		15,000		15,000	20,000	-	20,000	-	20,000
VAT Reserve ⁴	15,000		15,000		15,000	15,000		15,000		15,000	30,000	-	30,000	-	30,000
Budget Risk Reserve ⁵	16,761		16,761		16,761	14,834		14,834		14,834	31,595	-	31,595	-	31,595
Total Other Requirements	52,761	-	52,761	-	52,761	60,834	-	60,834	-	60,834	113,595	-	113,595	-	113,595
Total Resource Requirements - IPSAS view	769,011	2,260	771,271	247,435	1,018,706	804,481	2,260	806,741	238,419	1,045,160	1,573,492	4,520	1,578,012	485,854	2,063,866
+ CAPEX	13,852		13,852		13,852	2,838		2,838		2,838	16,690	-	16,690	-	16,690
+ Severance / EVR	13,500		13,500		13,500	15,000		15,000		15,000	28,500	-	28,500	-	28,500
+ Salary Reserve (LFO)	3,900		3,900		3,900	-		-		-	3,900	-	3,900	-	3,900
- Depreciation	(22,254)		(22,254)		(22,254)	(20,515)		(20,515)		(20,515)	(42,769)	-	(42,769)	-	(42,769)
- Severance Provision	(46,703)		(46,703)		(46,703)	(58,304)		(58,304)		(58,304)	(105,007)	-	(105,007)	-	(105,007)
- Annual Leave	(2,000)		(2,000)		(2,000)	(2,000)		(2,000)		(2,000)	(4,000)	-	(4,000)	-	(4,000)
Total Resource Requirements - UNSAS view	729,306	2,260	731,566	247,435	979,001	741,500	2,260	743,760	238,419	982,179	1,470,806	4,520	1,475,326	485,854	1,961,180

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes reserves for: Currency Adjusting Factor (CAF), salary reserves and general reserve.

³ Excludes \$3.9 million in 2014 representing the cash payout for the period of 1st of September to 15th of December 2012, which was accrued for in 2012.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015 and EA transition

⁵ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase, etc; the total requirements related to these risks is budgeted for at 60% only.

TABLE 9-2 BIENNIUM BUDGET 2014-2015
Summary of 2014-2015 Agency Wide Total Budget Volume by Programme
(USD'000s)

Programme	2014 Fiscal Year					2015 Fiscal Year					2014-2015 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash ¹	In Kind	Total			Cash ¹	In Kind	Total			Cash ¹	In Kind	Total		
Education Programme	407,315	530	407,845	13,756	421,601	425,209	530	425,739	10,236	435,975	832,524	1,060	833,584	23,992	857,576
Health Programme	125,559	1,730	127,289	24,454	151,743	133,510	1,730	135,240	28,804	164,044	259,069	3,460	262,529	53,258	315,787
Relief & Social Services Programme	56,616		56,616	108,037	164,653	55,993		55,993	103,025	159,018	112,609	-	112,609	211,062	323,671
Infrastructure and Camp Improvement Prog	15,168		15,168	91,506	106,674	15,142		15,142	91,506	106,648	30,310	-	30,310	183,012	213,322
Support Departments	111,592		111,592	9,682	121,274	113,793		113,793	4,848	118,641	225,385	-	225,385	14,530	239,915
Total Programme Requirements	716,250	2,260	718,510	247,435	965,945	743,647	2,260	745,907	238,419	984,326	1,459,897	4,520	1,464,417	485,854	1,950,271
Contingency Reserve ²	16,000		16,000		16,000	16,000		16,000		16,000	32,000	-	32,000	-	32,000
Salary Reserve ³	5,000		5,000		5,000	15,000		15,000		15,000	20,000	-	20,000	-	20,000
VAT Reserve ⁴	15,000		15,000		15,000	15,000		15,000		15,000	30,000	-	30,000	-	30,000
Budget Risk Reserve ⁵	16,761		16,761		16,761	14,834		14,834		14,834	31,595	-	31,595	-	31,595
Total Other Requirements	52,761	-	52,761	-	52,761	60,834	-	60,834	-	60,834	113,595	-	113,595	-	113,595
Total Resource Requirements - IPSAS view	769,011	2,260	771,271	247,435	1,018,706	804,481	2,260	806,741	238,419	1,045,160	1,573,492	4,520	1,578,012	485,854	2,063,866
+ CAPEX	13,852		13,852		13,852	2,838		2,838		2,838	16,690	-	16,690	-	16,690
+ Severance / EVR	13,500		13,500		13,500	15,000		15,000		15,000	28,500	-	28,500	-	28,500
+ Salary Reserve (LFO)	3,900		3,900		3,900	-		-		-	3,900	-	3,900	-	3,900
- Depreciation	(22,254)		(22,254)		(22,254)	(20,515)		(20,515)		(20,515)	(42,769)	-	(42,769)	-	(42,769)
- Severance Provision	(46,703)		(46,703)		(46,703)	(58,304)		(58,304)		(58,304)	(105,007)	-	(105,007)	-	(105,007)
- Annual Leave	(2,000)		(2,000)		(2,000)	(2,000)		(2,000)		(2,000)	(4,000)	-	(4,000)	-	(4,000)
Total Resource Requirements - UNSAS view	729,306	2,260	731,566	247,435	979,001	741,500	2,260	743,760	238,419	982,179	1,470,806	4,520	1,475,326	485,854	1,961,180

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes reserves for: Currency Adjusting Factor (CAF), salary reserves and general reserve.

³ Excludes \$3.9 million in 2014 representing the cash payout for the period of 1st of September to 15th of December 2012, which was accrued for in 2012.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015 and EA transition

⁵ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase, etc; the total requirements related to these risks is budgeted for at 60% only.

TABLE 9-3: REGULAR BUDGET REQUIREMENTS BY FIELD / HQ DEPARTMENT
Year 2014
(USD'000s)

Field/HQ	Gaza Strip	Lebanon	Syrian Arab	Jordan	West Bank	Education	Health	Relief ¹	DICI	Support Departments	Total
IPSAS Budget	242,512	95,559	62,398	153,002	110,858	2,956	1,282	9,599	2,322	38,021	718,509
Reserves											
Contingency Reserve ²											16,000
Salary Reserve											5,000
VAT Reserve ³											15,000
Budget Risk Reserve ⁴											16,761
Total Reserves	-	-	-	-	-	-	-	-	-	-	52,761
IPSAS Total Budget	242,512	95,559	62,398	153,002	110,858	2,956	1,282	9,599	2,322	38,021	771,270
Add:											
CAPEX	500	1,081	176	1,197	350		6			10,542	13,852
Severance / EVR	4,450	2,081	1,361	3,300	2,029	88	13	3	19	156	13,500
Salary Reserve (LFO)										-	3,900
Deduct:											
Depreciation	(11,567)	(2,314)	(1,577)	(2,416)	(4,028)	(6)	(1)	(7)	(1)	(337)	(22,254)
Severance Provision	(18,576)	(6,015)	(3,991)	(10,060)	(7,132)	(182)	(42)	(18)	(54)	(633)	(46,703)
Annual Leave										-	(2,000)
UNSAS Budget	217,319	90,393	58,368	145,023	102,076	2,856	1,259	9,577	2,286	47,749	731,566

¹ Includes \$ 8 million for SSNP Food Reserve.

² Includes reserves for: Currency Adjusting Factor exchange (CAF), salary reserves and general reserve.

³ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase, etc.; the total requirements related to these risks is budgeted for at 60% only.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015 and EA transition

TABLE 9-4: REGULAR BUDGET REQUIREMENTS BY FIELD / HQ DEPARTMENT
Year 2015
(USD'000s)

Field/HQ	Gaza Strip	Lebanon	Syrian Arab	Jordan	West Bank	Education	Health	Relief ¹	DICI	Support Departments	Total
IPSAS Budget	252,719	98,965	65,332	159,025	114,190	2,997	1,290	10,604	1,938	38,847	745,907
Reserves											
Contingency Reserve ²											16,000
Salary Reserve											15,000
VAT Reserve ³											15,000
Budget Risk Reserve ⁴											14,834
Total Reserves	-	-	-	-	-	-	-	-	-	-	60,834
Total Resources Requirements	252,719	98,965	65,332	159,025	114,190	2,997	1,290	10,604	1,938	38,847	806,741
Add:											
CAPEX	500	976	150	748	350					114	2,838
Severance / EVR	4,975	2,298	1,544	3,620	2,219	117	48	3	10	166	15,000
Salary Reserve (LFO)										-	0
Deduct:											
Depreciation	(10,760)	(2,156)	(1,479)	(2,147)	(3,714)	(1)	(0)	(4)	-	(254)	(20,515)
Severance Provision	(22,727)	(7,704)	(5,250)	(12,637)	(8,919)	(198)	(42)	(20)	(61)	(746)	(58,304)
Annual Leave										0	(2,000)
UNSAS Budget	224,707	92,380	60,297	148,609	104,125	2,915	1,296	10,582	1,887	38,128	743,760

¹ Includes \$ 9 million for SSNP Food Reserve.

² Includes reserves for: Currency Adjusted Factor (CAF), salary reserves and general reserve.

³ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase, etc; the total requirements related to these risks is budgeted for at 60% only.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015 and EA transition

TABLE 9-5: REGULAR BUDGET REQUIREMENTS BY RESOURCES
(USD'000s)

Category of Expenditure	2014 ¹ Estimate	2015 ¹ Estimate
Staff Costs		
International Staff	29,938	29,938
Basic Salaries	358,527	369,717
Hazard Pay and Special Elements		-
Provident Fund Agency Contributions	53,472	55,363
SPOA,SOA and Others	10,581	10,946
Overtime and Excess hours supplement	632	673
CAF	12,458	12,459
Special Allowances	19,372	19,627
Health Related Expenses	8,120	8,172
Miscellaneous Allowances	294	302
Annual Leave Expenses		-
Severance Cash Payment Out	46,706	59,407
LDC and Temporary Staff -(D)	10,665	10,853
Sub-total	550,765	577,458
Non Staff Costs		
Consumption of Inventories	45,015	44,542
Non inventory Supplies	13,649	13,954
Utilities	6,922	6,921
Maintenance of Premises	8,097	7,939
Equipment and Construction	11,792	10,844
Training	1,849	1,580
Travel	1,999	1,992
Admin Support Services	5,504	5,528
Consultancy Services	2,137	2,140
Hospital Services	16,517	18,016
Miscellaneous Services	10,991	12,203
Subsidies to Hardship Cases	7,475	7,501
Subsidies to Patients	5,226	5,247
Third Parties Subsidies	69	76
Other Subsidies	362	362
Reserves	9,147	9,749
Cost Recovery	(1,263)	(658)
Depreciation	22,254	20,515
Sub-total	167,743	168,450
Total Staff and Non-Staff Cost	718,509	745,907
 Contingency Reserve ²	16,000	16,000
Salary Reserve ³	5,000	15,000
VAT Reserve ⁴	15,000	15,000
Budget Risk Reserve ⁵	16,761	14,834
Sub-total	52,761	60,834
Total Resource Requirements - IPSAS view	771,270	806,741
 + CAPEX	13,852	2,838
+ Severance / EVR	13,500	15,000
+ Salary Reserve (LFO)	3,900	-
- Depreciation	(22,254)	(20,515)
- Severance Provision	(46,703)	(58,304)
- Annual Leave	(2,000)	(2,000)
Total Resource Requirements - UNSAS view	731,566	743,760

¹ Excludes the cost of 5 international posts earmarked for abolition effective 1st January 2014.

² Includes reserves for: Currency Adjusting Factor (CAF), EA transition and general reserve.

³ Excludes \$3.9 million in 2014 representing the cash payout for the period 1st of September to 15th of December 2012, which was accrued for in 2012.

⁴ Reflects the forecasted VAT un-settled by the Palestinian Authority (PA) in the biennium 2014-2015

⁵ Represents risks with a high likelihood of materializing e.g. food aid, vehicle replacements, increase in hospitalization services, GMIP, electricity increase, etc; the total requirements related to these risks is budgeted for at 60% only.