UNRWA is the primary UN agency providing protection and assistance to the five million registered Palestinian refugees living in Jordan, Lebanon, Syria and the occupied Palestinian territories of Gaza and the West Bank. UNRWA was established in 1949 under the UN General Assembly Resolution 301 (IV) to carry out direct relief and works programs for the Palestinian refugees. The organisation has had its mandate renewed repeatedly pending the achievement of a just and sustainable solution to the refugee situation.
UNRWA is the largest service provider to Palestinians, supporting the delivery of infrastructure, services and humanitarian assistance in the following areas:

- education (primary and secondary)
- health (primary health care, nutrition and supplementary feeding, environmental health in refugee camps)
- relief and social services
- micro-finance and micro-enterprises, and
- camp maintenance.

UNRWA provides its services directly to the Palestinian refugees and plans and implements its own projects. However, it cooperates closely with the Palestinian Authority in the areas where it operates and works with governmental authorities in the areas of operations where they also provide some services to the Palestinians.

UNRWA is unique in terms of its long-standing support to one group of refugees, as it has now effectively contributed to the welfare and human development of three generations of Palestinian refugees. Over time, the Agency has adjusted its programs to meet the changing needs of the refugees and to bring it in line with management and organisations practices and standards for international development agencies. In 2005 the Commissioner General launched a comprehensive organisational development initiative to strengthen the Agency’s capacity for program management and delivery.

UNRWA formally reports to the UN General Assembly. The Commissioner General is advised by the UNRWA Advisory Commission (AdCom), which meets biannually. Donor oversight is provided through the AdCom (Australia has been a member since 2006), local donor meetings, reviews undertaken by major donors (US, EC, UK) which are shared with other donors and independent assessments, and other UN monitoring—for example, UN Working Group on Financing and a report to the UNSG on strengthening UNRWA management agreed at UNGA64.

Australia has established a partnership agreement with UNRWA and will provide $18 million in core contributions over three years from 2010. Over 20 per cent of these funds are linked to performance measures. Australia provided $14.5 million to UNRWA in 2010–11, comprising $11.5 million in voluntary core contributions and $3.0 million in non-core funding. Australia is among the ten largest donors to UNRWA. Australia also provides separate support to the Palestinian Authority for public sector reform and state building, through the World Bank managed Palestinian Reform and Development Program Trust Fund. Australia has committed $77.5 million to this Fund since 2008, which is distinct from the humanitarian assistance provided to UNRWA.
RESULTS AND RELEVANCE

1. Delivering results on poverty and sustainable development in line with mandate

UNRWA has a clear mandate and its programs deliver impressive results across its four sectoral areas of operations and it has a special focus on the Millennium Development Goals relating to education and health. UNRWA has been able to demonstrate a significant contribution to the development and humanitarian needs of the Palestinian refugees.

UNRWA reports on results although its achievements are mainly expressed in output terms. It is developing a more comprehensive results framework supporting outcome-result reporting.

Its medium-term strategy (2010–15) outlines UNRWA’s new results framework but this is not fully developed and more work is required on indicators, data collection and staff training before improvements can be recorded.

UNRWA’s programs address poverty and insecurity of social and economic livelihood and it makes a strong, direct contribution to poverty reduction among the poorest.

a) Demonstrates development or humanitarian results consistent with mandate

The mandate of UNRWA is clear and consistent, having remained essentially constant since the organisation was established in 1950. It has both a humanitarian and a development component to its work. Although it can demonstrate significant humanitarian results, the contribution to achieving sustainable development outcomes is less clear, particularly given the political uncertainty around the future of the refugees.

UNRWA reports on its performance under each of the sub-programs as outlined in the medium-term strategy. UNRWA has been able to demonstrate a significant contribution to the development and humanitarian needs of the Palestinian refugees and can provide extensive statistical reporting to show the extent, coverage or depth of assistance it has provided over the years. This is only loosely connected to the overall strategic goals and objectives, so determining the contribution to higher-level outcomes statements is not as evident.

UNRWA’s performance report is provided essentially in terms of deliverables and outputs. Under the previous medium term strategy (2006–09) performance analysis was limited to providing input details of coverage, levels of support or numbers of beneficiaries.

There is a degree of aggregation of output results to the level of expected achievements but the indicators are couched mainly in numeric or quantitative terms and it is hard to determine the criteria or priorities assigned to different indicator achievements in order to determine the overall contribution to impact or outcome results.

UNRWA has recently undertaken a significant reform process and the current strategic plan (2011–15) provides a stronger results chain from activities to the goal result statements. The shift is undoubtedly in the right direction and it will take some time for
UNRWA to be able to show outcome level results against the strategic goals, but the organisation has a good basis for the shift and has developed a stronger and more coherent strategic framework for the next reporting period.

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<th>b) Plays critical role in improving aid effectiveness through results monitoring</th>
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The Medium-Term Strategy (MTS) 2010–15 provides a coherent focus around four human development goals which encompass the principles of providing basic services as well as a more enabling environment for the Palestinians in support of their social, cultural and economic development. The strategic framework is underpinned by a set of 15 strategic objectives, which delineate further the features that will contribute to achieving the Goals.

The 15 objectives are read as results statements and the logic of the link from these to the goals can be understood. Prioritisation and focus are built in through a crosscutting set of priority services which should provide sufficient flexibility in the light of contextual analysis for the programs to respond effectively to differing issues or situations affecting various groups or settlements. The development of field implementation plans that are focused on results incorporating thematic priorities will improve its monitoring and performance reporting.

UNRWA has also given considerable attention to developing a comprehensive set of indicators though further work on developing appropriate indicators, data collection and staff training is required. Overall the new reporting matrix when completed will provide a stronger foundation for effective performance assessment and progress review.

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<th>c) Where relevant, targets the poorest people and in areas where progress against the MDGs is lagging</th>
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The objectives of the MDGs have always been part of the mandate of UNRWA. Two of its four programs specifically focus on education and health, targeting MDG 2, MDG 4 and MDG 5; another program is addressing livelihoods, food security and poverty alleviation (MDG 1), and MDG 6 is supported through the health program. UNRWA provides a clear statement of its links to the MDGs including documenting the scope of deliverables and support it is providing each year to meet the MDG targets.

UNRWA is in the process of introducing a gradual, evidence-based and consultative shift in its relief and social services strategy from the delivery of food to a cash transfer model to improve effective relief to the most needy refugees. UNRWA has been slower than other UN agencies in adopting this model, largely due to resistance by host authorities. The agency is closely engaging donors and hosts in this reform process.

Palestinian refugees are among the poorest groups of people in the region. UNRWA’s program specifically targets those without skills or livelihood and who have very little opportunity to attain a better life for them or their children. In this regard UNRWA is the only source of support for many millions of families living in poverty and affected by the ongoing situation in the region and the difficulty for the international community in finding a lasting resolution of their status and circumstances.
2. Alignment with Australia’s aid priorities and national interests

UNRWA plays a central role in supporting development in a region of importance to Australia as well as the international community more broadly. Its mandate and programs are also closely aligned with the Australian aid program’s strategic goals of humanitarian and disaster response and saving lives.

UNRWA generally applies crosscutting policies well. It has developed effective policies and strategies to address gender and human rights across its portfolio and is developing a framework to guide its environmental management. UNRWA has also increased its focus on disabilities through stronger policies and programs to address disability within refugee populations.

It operates highly effectively in the fragile context of refugee settlements in the region. In mid-2011, UNRWA proved its capacity in this area by continuing to provide services to Palestinian refugees despite ongoing civil unrest in Syria.

a) Allocates resources and delivers results in support of, and responsive to, Australia’s development objectives

UNRWA’s core mandate is to protect and support the close to five million Palestinian refugees under the UN Resolution, most of whom are living below the poverty line. Its program is closely supportive of objectives and issues of concern to Australia, in a number of areas:

- UNRWA has a core focus on supporting sustainable development and providing timely humanitarian assistance to the Palestinian refugees. It does this through a specific sector approach on education, health and sustainable livelihoods, and through maintaining safe and secure camp accommodation and emergency feeding programs.
- The Palestinian Authority is responsible for provision of basic services to everyday Palestinians but depends on additional support from UNRWA to ensure Palestinians continue to receive basic services and that conditions in key sectors are improved.
- UNRWA is firmly committed to the international fight against terrorism and its financing and through its work is effective in highlighting the UN Security Resolutions relating to terrorism.
- UNRWA has rigorous internal processes in place to ensure staff neutrality and to protect against financing of terrorism.
- Australian NGOs are actively supporting the Palestinian refugees through collaboration with UNRWA to reduce vulnerability. UNRWA’s presence and programs in the camps and territories provide NGOs and civil society organisations with an environment that supports the effective delivery of community based programs and activities.
b) Effectively targets development concerns and promotes issues consistent with Australian priorities

UNRWA's program is closely aligned with the priorities of the Australian program in the following areas:

- UNRWA is committed to the delivery of the Millennium Development Goals, particularly in the health and education sector where is has its core program.
- UNRWA has a strong focus in its programs on gender equality, human rights and in supporting those with disabilities. It places high value on empowering women and in protecting the rights of the refugees suffering displacement, discrimination and loss of freedom.
- UNRWA is particularly focussed on collaboration with other UN agencies and gives priority to partnership, particularly in the context of the Delivering as One initiative.
- UNRWA is also committed to improving the effectiveness of development assistance and in providing greater transparency of its program through results reporting. It has embarked on a reform to implement performance reporting, improving its monitoring and evaluation framework and streamlining its activity based budgeting systems, all priority management issues contributing to development effectiveness.

Through the AusAID–UNRWA Partnership Agreement there is a commitment for joint activities in the key sectors of education, health, housing, water and sanitation and improved livelihoods support and food security. There is also a commitment to support NGOs to deliver critical projects in these sectors as a means to enhance empowerment of the refugees and communities. The UNRWA Lebanon Field Education Department is currently engaging Australian Volunteers International (AVI) volunteers as English-language advisers. AVI also assisted the agency with an evaluation of community-based organisations as part of its Relief and Social Services Review in 2011.

c) Focuses on crosscutting issues, particularly gender, environment and people with disabilities

UNRWA has strengthened its focus on gender issues. In 2007 it revised its gender policy and now has a clearer commitment to implementing gender mainstreaming. The MTS includes Gender Equality as one of the priority thematic issues that are relevant across the portfolio. The gender policy has a structured approach to targeting and inclusion and gender analysis is undertaken to highlight specific needs of different groups. An Equality in Action Programme has been developed in some regions. UNRWA has established gender focal points and is implementing activities aimed at raising gender awareness, and gender sensitive human resources management.

In recent years, UNRWA has also increased its focus on disabilities through stronger policies and programs to address disability within refugee populations. It has also developed a more explicit approach to protection throughout its operations, seeing protection as a means to safeguard and advance the rights of the refugees. The MTS places clear priority on ensuring refugees are protected under international legal instruments and that their rights and entitlements are protected. UNRWA has a mandate to provide
protection and the requirements of UN conventions and treaties regarding human rights are given priority in the MTS. For example, though schoolchildren in UNRWA schools follow the host authorities’ curricula and textbooks, UNRWA supplements these with its own materials on human rights.

UNRWA is putting in place an Environment Management Framework which it will use to guide its approach to environmental waste, construction and service delivery (water, sanitation and solid waste management). UNRWA is also concerned with promoting environmental protection within the refugee settlements and managing waste in a more sustainable manner. It has initiated a process to measure carbon emissions and aims over time to reduce consumption on energy, water and materials.

d) Performs effectively in fragile states

Since its creation 60 years ago UNRWA has been operating in an extremely fragile and conflict prone environment. It has developed effective strategies to ensure its services continue to be delivered despite civil and other wars, that its programs operate despite limitations on access, freedom of movement and other threats to staff and refugees and that it maintains good relations with governments and donors despite wider political disparities.

In mid-2011, UNRWA proved it was able to continue providing services to Palestinian refugees despite ongoing civil unrest in Syria. The continuation of these health and education services was testament to the dedication of UNRWA staff in Syria and the management leadership of the Syria Field Office.

Through its collaboration with other UN agencies and civil society UNRWA has been able to implement wide-ranging programs and support strategic interventions by community service organisations (CSOs) or community groups in areas too difficult or sensitive for it to operate. During times of extreme political unrest UNRWA coordinates closely with other UN agencies especially when trying to ensure that food gets delivered to vulnerable populations. It has developed a robust partnership with the Palestinian Authority, a strong supporter of UNRWA and the complementary work it undertakes in providing services to the community. The continuing support from international donors, and from regional governments, is a measure of its success in working in that difficult and fragile environment.

3. Contribution to the wider multilateral development system

UNRWA is effective at initiating emergency appeals to meet specific needs and in coordinating its operations and work programs with those of local authorities and international donors.

UNRWA has established good networks which it uses to support coordination among refugee settlements and to promote coordination of service delivery and knowledge sharing. It effectively coordinates a range of international and national actors delivering services to refugees, given the very complex and politically sensitive environment in which it works.
With its annual budget of approximately US$1 billion, UNRWA is the largest service provider to Palestinians. It provides specialist expertise in education, health and livelihood programs, though in the context of service delivery and providing basic humanitarian needs.

Given its mandate and operations, UNRWA does not play a policy or innovation role across the multilateral system.

| a) Plays a critical role at global or national-level in coordinating development or humanitarian efforts | STRONG |

UNRWA operates in a specific and defined area with a mandate tightly focused on delivering humanitarian and development support to Palestinian refugee population. It has been effective in coordinating with host governments in the five fields and in generating international support for its work. UNRWA takes a lead in initiating emergency appeals, particularly following conflict or in response to specific humanitarian emergencies.

As one of the largest providers of assistance to the refugees UNRWA has a strong focus on coordinating its regular and emergency activities with the PA and other key partners, including other UN agencies, the ICRC and international and local NGOs. It shares proposals, progress reports, beneficiary lists and other relevant data relating to emergency aid with partner agencies.

UNRWA also participates in the aid coordination clusters, taking a lead in the cash-for-work cluster, and in developing and managing local clusters across the refugee camps, established to support specific issues, such as food distribution, camp security or nutrition. It has been particularly effective in developing good coordination networks across the different settlement locations and regularly shares expertise and experiences among refugee groups in different locations.

| b) Plays a leading role in developing norms and standards or in providing large-scale finance or specialist expertise | STRONG |

With its annual budget of approximately US$1 billion, UNRWA is the largest service provider to Palestinians. It provides specialist expertise on education, health and livelihood programs, though in the context of service delivery and providing basic humanitarian needs.

| c) Fills a policy or knowledge gap or develops innovative approaches | N/A |

Given its mandate and operations, UNRWA does not play a policy or innovation role across the multilateral system.
ORGANISATIONAL BEHAVIOUR

4. Strategic management and performance

**STRONG**

UNRWA’s medium term strategy (2010–15) clearly sets its strategic goals and how these relate to its mandate. There is new emphasis in the strategy on developing a performance-based approach to planning, budget management and monitoring but the results framework is not yet fully developed.

UNRWA’s governing bodies actively scrutinise its policies and management and provide regular, detailed feedback to management on progress with reforms. Management itself has been responsive and proactive in initiating reforms and has engaged with governing bodies in reporting on progress and milestones.

The 2011 Multilateral Organization Performance Assessment Network (MOPAN) report assessed UNRWA as having adequate monitoring and evaluation systems. UNRWA is introducing a new performance monitoring framework.

Management has been active in supporting reform changes to ensure its targets for organisational change are achieved. The organisation has paid specific attention to improving its management systems and practices and is implementing a suite of human resources reforms to bring it in line with best practice.

**a) Has clear mandate, strategy and plans effectively implemented**

The MTS for 2010–15 provides a comprehensive statement of the strategies, plans and priority services that guide UNRWA. Under its organisational reform initiative UNRWA has made good progress in becoming more performance oriented and the MTS now has a clearer focus on results and outcomes, and on using evidence-based planning and needs-based service delivery. The development of field implementation plans with a focus on results and incorporating the strategic thematic priorities is a strong aspect of the initiative.

The translation of these priorities into resource allocation is less transparent and there is some evidence that UNRWA needs to improve its performance in providing clear and consistent criteria for resource allocations and adjustments. UNRWA faces constraints in allocating resources to new priorities because of the unstable environment in which it works. This is complicated by unpredictable levels of donor funding and difficulties associated with the reallocation of earmarked funds. From the MOPAN survey there is general agreement that UNRWA is able to make reasonably accurate estimates of demand for its services and resource allocation follows the criteria. It is less evident how well it is at using results and feedback on performance and disbursements to resource reallocation or adjusting budgets accordingly.

UNRWA has recently introduced activity-based costing (ABC) which will provide solid ground on which to make more informed decisions around the allocation of resources. The shift to ABC will enable a strong results focus in developing budgets and support better monitoring of both the direct and indirect costs (overheads) associated with delivering services. The shift is still in development and UNRWA has contracted technical
expertise to design and implement the new approach. When established, ABC and the extension to results-based budgeting should improve regular planning, monitoring and reporting.

UNRWA is responding positively to increased pressure from donors through the Advisory Commission (and AdCom Sub-Committee processes) for increased transparency of its budget processes.

The agency has recently completed a resource mobilisation strategy for 2012–15 which aims to broaden its funding base through cultivating new donors in emerging markets, enhancing the contributions of Arab donors and underperforming European donors, deepening relations with existing, traditional donors, and building partnerships with private foundations.

### b) Governing body is effective in guiding management

STRONG

UNRWA formally reports through the Commissioner General, to the General Assembly under the UNRWA mandate but it is through the Advisory Commission that UNRWA receives direct and regular scrutiny of its policies and activities. The composition of the AdCom ensures it brings a strong representative view to the organisation and through donor involvement on the AdCom the organisation is carefully scrutinised across operational and management issues.

Through this donor oversight in the AdCom UNRWA was encouraged to reform its operations in 2005, following the realisation that the 2005–09 medium term plan was significantly underfunded. The Commissioner General launched the organisational reform initiative as a response to concerns of the AdCom about the financial situation. The AdCom has required progress reports and updates on the implementation of the reform agenda and provided extensive feedback and guidance on the direction and scope of the changes. The scrutiny included careful examination of the program structure and strategies for the reform of the health and education sector programs. Analysis of the strategic plan and its results structure and assessment of the quality and efficiency of the indicators proposed for monitoring progress and performance.

Donors are also actively involved in specific aspects of the reform agenda, participating in evaluations and providing extensive feedback on the details of the performance and monitoring frameworks. The management is also requested to provide detailed briefings on changes to the financial and human resource management systems to the AdCom.

The current level of scrutiny from the AdCom on UNRWA may be appropriate in the current situation as it implements its reforms and moves to streamline its overall management systems but as these are bedded down the AdCom is aware it may need to establish sub-committees to provide specialist monitoring or other technical advice to the agency.
UNRWA is putting in place the key elements of its program planning and management systems to support results-based management and performance monitoring. Overall the MOPAN review assessed the organisation as adequate in most respects under this criterion. It noted that the proposed changes to its monitoring and evaluation functions and culture should overcome its shortcomings and in conjunction with the adjustments to the project management system should lead to enhanced performance.

The new initiative includes changes to the methods the Agency uses to plan, assign resources and implement its activities to bring the project cycle management in line with best practice. Based on detailed needs assessment the Field Implementation Plans will establish the basis for program design, and all plans will include indicators for measuring output and outcome results. Developing the new indicator framework and strengthening the capacity to collect and analyse the data will be a challenge for UNRWA. Delegation to field managers of greater responsibility for program design and implementation is being implemented but will need to be accompanied by training and close monitoring of quality and compliance with standards.

The effectiveness of the new monitoring framework depends on UNRWA providing sufficient resources and staff training in the new procedures and standards. It has a strong focus on lesson and knowledge management in the MTS. It has created a new unit responsible for evaluation function at headquarters, which will commission and conduct evaluations on issues of strategic relevance and drive the learning agenda.

d) Leadership is effective and human resources are well managed

The senior management took effective and decisive action in 2007 to address the difficult financial and organisational situation UNRWA found itself in. Management has been active in supporting reform changes to ensure its targets for organisational change are achieved. The organisational development process had a core aim of linking program management to performance in order to provide a stronger basis for funding. The initiative was carried out through a participatory process with donors, and preceded by a rapid organisational assessment to identify areas that needed improvement. Management has been active in guiding the reform, has sought feedback from donors on its reform initiatives and has made regular presentations to the AdCom on progress. At the last briefing in June 2011 management provided a clear timetable and deliverables for the current activities. The AdCom did request that management to do more towards creating a better awareness of and understanding about the reforms among stakeholders and to develop a communications and change management strategy to ensure staff buy in of the changes.

Management has defined a roadmap from the organisational development agenda to the ‘Sustaining Change’ (SC) approach which it sees as carrying forward and improving the reforms begun in 2005. The SC agenda was outlined to the AdCom in June 2011.
The organisational development initiative also included improvements to strengthen human resource management systems, to strengthen leadership and to establish a management development program for senior staff. The MTS reports that some of the reforms are well underway but further reforms considered vital for strengthening program delivery are still in train. These include a staff appraisal process based on a comprehensive staffing review, a new competency management framework and classification and compensation reform that should make it easier to attract and maintain skilled staff.

Where there appears to be some weakness is in the provision of a policy and processes to ensure staff security, particularly for locally engaged staff. There are references to some measures to address security management for staff but it is not clear how well advanced these are.

The agency has undergone significant management changes in the northern Summer of 2011 in the Gaza, West Bank and Syria fields. While recruitment for these fields is underway (and almost completed in the case of West Bank), the absence of a new senior management team in the critical field of Gaza remains of some concern to donors.

### 5. Cost and value consciousness

UNRWA’s governing body actively monitors costs and maintains close scrutiny on its budget and financial situation. Management reports regularly on efforts to achieve cost savings and establish greater control over its budget and cost structure through financial reform. These reforms are still being developed and will take time to show results. Still, there are some indications that UNRWA can initiate savings in field operation costs as it develops its results-based budgeting system.

While value for money is generally considered, the 2011 MOPAN report found that UNRWA was strong at linking allocations to expected results but weak on linking disbursements to reported results.

UNRWA considers value for money in implementing programs through partners, but this is not systematic. Its programs have performance indicators with targets and benchmarks but it is not clear if these are used to encourage improvements or cost efficiencies among managers and service delivery providers.

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<th>a) Governing body and management regularly scrutinise costs and assess value for money</th>
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There is evidence from the records of the AdCom meetings that the governing bodies regularly and specifically request information on costs and cost efficiencies.

Concerns about the serious shortfalls in funding to meet requirements have created a routine degree of scrutiny on budgets, as management seeks to identify savings. At the June 2011 meeting of the AdCom UNRWA management provided members with an extensive briefing on the current financial situation of the organisation and identified areas in which savings had been made. UNRWA has implemented a number of reforms in its financial management, including moving to International Public Sector Accounting
Standards (IPSAS), in order to secure better control on costs and to more easily identify areas for savings. However, these reforms will take time to take effect. In addition to financial measures to better manage the cash flow and expenditures UNRWA has closed a number of projects (reducing the portfolio by about 450 by the end of 2011), shifting to accrual accounting and undertaking stocktake of its field warehouses and other storages. Moving to activity based costing is also seen as an essential element in getting a better control of costs and budgets.

In response, the AdCom supported these efforts but remains concerned they will not provide the necessary cost savings. It urged a constructive dialogue between the Commission and UNRWA to develop a clearer and more comprehensive vision of UNRWA’s budget to give members better information on the potential impact of recurrent cost demands on the core budget. The AdCom has requested UNRWA provide more information on its emergency appeal process, its methodology for allocation of funds and budgets of the Field Implementation Plans. UNRWA is responding positively to increased pressure from donors through the Advisory Commission (and AdCom Sub-Committee processes) for increased transparency of its budget processes.

**b) Rates of return and cost effectiveness are important factors in decision making**

SATISFACTORY

While UNRWA is clearly focusing on cost effectiveness, the 2011 MOPAN report noted that UNRWA projects are not subject to risk and benefit/impact analyses, which are conducted at the program or field-level. UNRWA was strong at linking allocations to expected results but weak on linking disbursements to reported results.

**c) Challenges and supports partners to think about value for money**

SATISFACTORY

UNRWA has a strong beneficiary focus across its program and incorporates participatory planning in the development and implementation of many of its programs. The nature of its work means that projects are managed by staff or contracted through tendering, for example, for infrastructure construction or water supplies. For all its programs UNRWA has developed indicators of performance with targets and benchmarks to show trends and progress. It is not clear that these indicators are used to encourage improvements or cost efficiencies among managers and service delivery providers.

Overall the agency is moving towards a more targeted, needs based approach away from the traditional global rights based approach, where all refugees were entitled to the same services. This targeted approach is being necessitated by the ever-growing numbers of Palestinian refugees and the inability of the agency to provide across the board services for the entire community.

UNRWA uses the audit process to identify areas for cost savings and also undertakes its own studies. For example, an independent cost efficiency study on the delivery of food assistance to special hardship case families was completed in 2009. It found the Agency’s food delivery model to be very cost efficient, but also prone to stigmatising some beneficiaries. UNRWA is considering changes to its distribution model as a result.
The nature of UNRWA’s role means that it cannot easily reduce its education and health services. Reporting from the Australian overseas missions notes that any reduction in such essential services would lead to a backlash from the refugee population and host governments. Host governments also will not tolerate any reduction in the level of services UNRWA provides and these governments are always suspicious of any moves on the part of the UNRWA to reduce costs.

6. Partnership behaviour

UNRWA has developed strong and collaborative partner relationships with a wide range of agencies and organisations. It is effective at working with partner governments despite the complex and often difficult environment in which it operates and this is an important factor in decision making. It has also established good networks and consultative processes among its beneficiaries and civil society partners.

UNRWA does not work through government systems but does coordinate its programs with partner governments on policy and program issues. It has made important adjustments to its procedures so it can work more effectively in joint planning or needs assessment processes.

UNRWA has a clear beneficiary focus in its operations and provides good opportunities for regular consultations with refugees.

a) Works effectively in partnership with others

UNRWA has strong working relationships with a variety of organisations and host governments, as well as with UN agencies and donors. It has also established good collaboration with CSOs and international NGOS to deliver its program. It has recognised the need for a wider group of partnerships, particularly given its financial situation and it is looking to strengthen links with the private sector, particularly from within the immediate region.

Through its work in the clusters and in collaboration with UN agencies it has demonstrated it is able to adjust its working procedures to meet changes in circumstances and in emergency situations. It supports inter-agency planning and participates in joint planning initiatives and appeals, and is harmonising its procedures with others in the context of needs assessment and joint implementation processes. UNRWA is successfully moving to a needs-based approach in delivering health, relief and social services and also moving from food distribution to cash and cash for work programs. The refugee community appreciates these shifts. It has also adjusted its reporting and is developing a harmonised donor reporting system which will improve communication with donors about achievements and issues.

The MOPAN survey confirmed that UNRWA is adequate in adjusting its procedures to meet local conditions and capacities. Reporting form Australian overseas missions also notes the good relations UNRWA has with host governments, with occasional exceptions, and that stakeholders consider UNRWA collaborates and consults with the governments and civil society effectively.
b) Places value on alignment with partner countries’ priorities and systems

SATISFACTORY

UNRWA does not work through government systems but it does provide services to refugee populations living in neighbouring countries. Its services are mainly humanitarian in nature and are not intended to have an impact on host government policy or legislative reform, though it has responded critically to events where the safety and security of the refugees has been impacted by host government actions. In its education programs UNRWA provides the same curriculum for its pupils as is provided in the host government schools. It provides services alongside the Palestinian Authority but coordinates closely with the PA on policy and program issues associated with service delivery to refugees. Reports from Australian overseas missions confirm that the Palestinian Authority has been a strong supporter of UNRWA and the complementary work it undertakes in providing services to the community. The PA regularly calls on donors to support continue their funding to UNRWA as well as supporting its own budget processes.

The MOPAN survey rated UNRWA as adequate in harmonising procedures with other actors it collaborates within the framework of joint missions and common needs assessments, as noted above. It is also good at sharing information with partners.

Feedback from Australian overseas missions indicate some of the host governments (Syria and Lebanon) have difficulties with UNRWA’s processes or policies, mainly relating to treatment of refugees under the Humanitarian charter and this occasionally leads to tensions in the relationship and in implementation.

c) Provides voice for partners and other stakeholders in decision making

STRONG

UNRWA has a clear beneficiary focus in its operations and provides good opportunities for regular consultations with refugees. Comments from Australian overseas missions indicate that in general stakeholders are satisfied with UNRWA's performance. The AdCom has encouraged UNRWA to establish a clear communications and dissemination strategy, particularly to engage in stronger efforts to inform beneficiaries of funding constraints which may be affecting the level of service it can provide. Interactions between Australian overseas missions and UNRWA staff are always positive, although UNRWA's regular donor meetings sometimes lack direction.

UNRWA employs a variety of mechanisms for ensuring that refugee voices are heard and help to shape programs in each field. The Gaza Schools of Excellence Program engaged parents in the education reform process; the Nahr al-Bared reconstruction planning involved extensive consultation with refugees in line with the Agency’s camp improvement approach which has refugees’ participation as a central theme; and UNRWA supports more than 100 refugee administered community-based organisations.

As an indication of the difficult environment in which UNRWA operates there is evidence from Australian overseas missions that host governments are concerned at the implications UNRWA’s organisational reforms may have on service delivery, as there is a keen interest in maintaining the level of services provided by UNRWA. Host governments
have expressed suspicion of donor calls for reform, concerned that they may lead to social unrest in their fields and that a reduction in services may mean host governments would have to provide additional services to Palestinian refugees in their jurisdictions.

UNRWA has experienced multiple staff strikes initiated by strong staff trade unions—particularly in the West Bank. These have led to community complaints and UNRWA is at present facing anger and community backlash over its dismissal of a teacher in the Gaza for participating in political activities. Australian overseas missions note that the relationship between UNRWA, UNHCR and their affected communities can sometimes be fraught with tension. Palestinians, for example, frequently criticise UNRWA, usually resulting from inappropriate and unrealistic demands of the Palestinian refugees. In March and June 2011, protests erupted because of UNRWA’s ‘failure’ to provide adequate health and social services, with Palestinians staging (sometimes violent) sit-ins at key UNRWA locations across Lebanon.

UNRWA management is focused on improving industrial relations to avoid disruption in services to refugees.

It is important to consider UNRWA’s achievements within the context of the very difficult environment in which it works.

### 7. Transparency and accountability

UNRWA publishes key documents on its website but important information, such as progress and audit reports, are not easily found.

Sound financial and fiduciary systems are in place and UNRWA is undertaking important reforms to upgrade financial practices; improve budget control and enable a more transparent approach to reporting on disbursements and financial performance. UNRWA has responded positively to donor requests for greater transparency on how the budget is prioritised between field areas.

UNRWA complies with the UN’s audit and fraud management standards. As part of its reform agenda it is pursuing stronger accountability and risk management procedures.

UNRWA periodically raises transparency and accountability issues with partners. The 2011 MOPAN report review rated UNRWA as adequate on involving direct beneficiaries and stakeholder groups in evaluation processes.

#### a) Routinely publishes comprehensive operational information, subject to justifiable confidentiality

UNRWA routinely published its key documents on its website, which also provides detailed information about the work of UNRWA and the situation of the Palestinian refugees. There is also an extensive collection of reports and assessments of all appeal processes. However, not all management reports or documentation is available or easily found and it would be expected that UNRWA would improve access to key documents such as progress reports on implementing the reform process or audit reports undertaken by the UN Office of Internal Oversight Services or the external auditor.
The MOPAN review notes that UNRWA documents that are not available on the Agency’s website, or on a UN website, are made available to relevant stakeholders on the basis of their needs and intended use. UNRWA has a document-specific disclosure policy for some types of documents such as evaluation related documents (which should be made available to the public) and minutes of Advisory Committee on Internal Oversight (ACIO) meetings which are confidential. UNRWA documents are translated into other languages (including Arabic, French, and Hebrew) as required.

The majority of respondents to the MOPAN survey (55 per cent) rated UNRWA as adequate or stronger for circulating pertinent information within the cluster; 16 per cent rated it as inadequate or weaker. The large majority (72 per cent) of respondents agreed that the Agency adequately shares relevant information, in particular regarding needs, with humanitarian and other partners.

b) Is transparent in resource allocation, budget management and operational planning

Satisfactory

UNRWA reports to governing bodies contain detailed financial and expenditure reports. The organisation also provided extensive reporting on each appeal and emergency operation. UNRWA is assessed as having good financial and accounting procedures in place but there are areas in which UNRWA has identified the need for improvements and these changes are in the process of implementation.

Donors are encouraging UNRWA to increase transparency on how budget is prioritised between the five field areas as well as calling for improved transparency in the agency’s three budget streams (humanitarian, general fund and projects). UNRWA has so far responded positively to these requests and has undertaken excellent improvements in its financial processes under its new Amman-based financial controller. The MTS has outlined an approach to establishing a stronger culture of accountability for resource management which, in association with a stronger results framework and more refined indicators and data collection process, should provide a closer fit between resource allocation and expenditure. The stronger emphasis on lessons and evaluation will also contribute to improved feedback on performance.

The AdCom meeting in June 2011 received an extensive briefing on the difficulties facing the budget managers and the constraints UNRWA was experiencing in trying to introduce new practices, such as accrual accounting, and improve routine financial management procedures. The reforms mentioned above are supported by donors and the AdCom is keeping a close and supportive view on the implementation progress.

UNRWA is strong in its management of contracted partners and its procedures for tendering and contracting. It has a set of documents regulating the procurement and contract management processes (for example, Organisation Directive 10, Financial Regulations, and the Procurement Manual). The latter provides suggested timelines for specific steps in procurement and contract management processes.
c) Adheres to high standards of financial management, audit, risk management and fraud prevention

SATISFACTORY

UNRWA uses a number of processes, systems, and policies for financial accountability. External audit is undertaken by the UNBOA every two years, while internal audit is under the mandate of the newly established Department of Internal Oversight Services (DIOS). UNRWA has a mechanism to follow up on UN audit recommendations, although implementation of these recommendations has been slow for a number of reasons, including budget-related issues. UNRWA has given more attention to risk management over the last three years, by introducing a risk assessment and management framework into field implementation plans and headquarters implementation plan, and using the logframe approach to assumptions and risks at project-level. In the last two years UNRWA has improved its financial management and budget transparency in response to donor demands for greater understanding of the budget processes. Twenty UNRWA policies are IPSAS compliant.

AusAID meets regularly with UNRWA to discuss its handling of the risks of assistance flowing to entities with terrorist links, and is satisfied with UNRWA’s performance on this matter. UNRWA is always open in its dealings with officers from Australian overseas missions and they are unaware of any instances of corruption or fraud. In contrast to general impressions of Lebanese society where corruption is endemic, the aid sector is more transparent and better run than in many other countries in the region. With respect to Australia’s direct aid program, for instance, only one case of fraud has been identified among hundreds of applicants.

The 2010 Performance Management Policy requires supervisors to assess staff performance on the basis of their compliance with the standards, but it is not clear what follow-up is required in the case of non-compliance. In addition, the role of the Ethics Office is unclear.

d) Promotes transparency and accountability in partners and recipients

SATISFACTORY

UNRWA manages its funds mainly through tendered contracts or salary payments (for example, to teachers, medical staff or labourers). It is required to comply with host government salary structures and has guidelines for tendering and contract management. The MOPAN document review rated UNRWA as adequate on involving direct beneficiaries and stakeholder groups in evaluation processes. The two most recent organisation-wide evaluations (on education and health) involved relevant stakeholders in some of the evaluation stages. The Agency, however, does not have a policy or specific guidelines on stakeholder participation in evaluation processes.