



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 3.5.2002
COM(2002) 238 final

2002/0104 (CNS)

Proposal for a

COUNCIL DECISION

on the conclusion of the Convention between the European Community and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) concerning aid to refugees in the countries in the Near East for 2002-2005

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The Commission has taken up contact with UNRWA in order to negotiate an 11th EC-UNRWA convention to govern the Community contribution to UNRWA for the years 2002-2005, on the basis of the negotiating directives approved by the Council on 18 March 2002.

1.1. POLITICAL BACKGROUND

The refugee issue is at the core of the conflict in the Middle East. According to the Oslo peace accords, the parties were supposed to have negotiated final status-issues by 4 May 1999. Until to date, however, these talks, *i.a.* on the refugee issue, have not taken place. During the Camp David negotiations in summer 2000 the refugee issue, particularly the right of return, became a controversial topic. Discussion on the refugee issue continued at Taba in January 2001.

The continuing support of the Community for the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is a key element in the Community's strategy of contributing actively to reducing tension and providing a minimum of stability in the Middle East, which would allow the parties to pursue their quest for peace. It also contributes to facilitating access to basic social services, reduction of poverty and an improvement of the refugees' living standard.

1.2. BACKGROUND ON UNRWA

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by General Assembly Resolution 302 (IV) of 8 December 1949, as a separate entity within the United Nations system. The mandate of UNRWA has been renewed repeatedly, most recently by the General Assembly in its resolution 56/52 of 14 February 2002 (mandate renewed until 2005).

UNRWA's goal is to promote the well-being of the refugees and strengthen the self-reliance of the refugee community. The long-term viability of its programmes and sustainability are key themes of its activities. The overall strategy of UNRWA is to continue to provide basic education, health, and relief and social services.

UNRWA has continuously adapted its role and services in keeping with the needs of the refugees and the changing environment in which it operates. A number of scenarios for the work of UNRWA has arisen due to the current situation in the Middle East. Should unrest continue, security issues, deteriorating economic conditions for the refugees and the restrictions on the flow of goods, services and individuals will affect UNRWA's work. Should the peace talks resume and lead to a settlement, the Agency may be asked to assume new tasks or hand-over some or all of its functions.

The last few years have witnessed growing concern among the refugee community and in the region generally over the decline in UNRWA services (US\$ 200 per capita in the 1970s compared to US\$ 70 in the 1990s). Successive funding shortages and subsequent austerity measures and cost reductions have prevented programmes from expanding at a rate commensurate with the growth in the refugee population, necessitated curtailments in ongoing programme activities, and precluded certain actions which normally would be part of UNRWA's regular programme of work. Most seriously, these measures have led to increased

class sizes in UNRWA schools, rising patient/staff ratios in the health services, and higher caseloads for social workers dealing with the poorest refugees.

The ability of the Agency to provide its services is entirely dependent on sufficient voluntary contributions made available annually. The Convention therefore, aims to assist UNRWA to secure its financial basis to operate on a sustainable and cost-effective basis, without recourse to austerity or other *ad hoc* cost reduction measures, and to safeguard the quality and level of services provided to the refugees. The present minimal level of service provision must not be allowed to further deteriorate in the interest of stability in the region.

2. GENERAL COVERAGE OF THE ELEVENTH CONVENTION

Since 1972 the EC and UNRWA have signed ten conventions¹ governing the EC contribution to the regular and food aid budgets of the Agency. Each convention has:

- set out the contribution to the regular budget (education, health and relief and social services programme) for the forthcoming three year period; and
- allowed for the annual negotiation of the contribution to the food aid budget.

In accordance with UNRWA's biennium budget the new Convention shall cover a four year period and will be implemented by grant agreements with annual budget allocations on the basis of the 1999 'Agreement between United Nations and the European Community on the Principles Applying to the Financing or Co-financing by the Community of Programmes and Projects Administered by the United Nations'.

When preparing the grant agreements the Commission will have regard to the performance evaluation undertaken by Commission services in 1999 and 2001, in particular regarding international book-keeping and audit standards.

The proposed appropriations under the new convention are intended as contribution towards the financing of UNRWA's regular programmes for around 3.9 million Palestine refugees in five fields of operation: Jordan, Syria, Lebanon, the West Bank and the Gaza Strip. It would also allow for the annual negotiation of the Community contribution to the food aid programme.

UNRWA is requesting a contribution to its General Fund (budget of the regular programmes) of € 55 million in 2002 and a subsequent annual increase of 5 % for each of the following years. This means per year: € 55 million in 2002, € 57.75 million in 2003, € 60,637,500 in 2004, and € 63,669,375 in 2005. The principle of indexation of the EC contribution governed also previous Conventions. The regular programmes financed under the General Fund include

¹ ECC-UNRWA Convention 1972-74, OJ L 304 of 31.12.1972, p. 24
ECC-UNRWA Convention 1975-78, OJ L 203 of 28.7.1976, p. 40
ECC-UNRWA Convention 1979-80, OJ L 108 of 26.4.1980, p. 56
ECC-UNRWA Convention 1981-83, OJ L 392 of 31.12.1981, pp. 3-6
ECC-UNRWA Convention 1984-86, OJ L 188 of 16.7.1984, pp. 18-19
ECC-UNRWA Convention 1987-89, OJ L 136 of 26.5.1987, p.43
ECC-UNRWA Convention 1990-92, OJ L 118 of 9.5.1990, p. 36
ECC-UNRWA Convention 1993-95, OJ L 9/16 of 13.1.1994
EC-UNRWA Convention 1996-98, OJ L 282 of 1.11.1996, pp. 69-71
EC-UNRWA Convention 1999-2001, OJ L 261 of 7.10.1999.

UNRWA's education programme, health programme, and relief and social services programme.

The present funding proposal takes into consideration the support UNRWA is receiving from the international community, including EU member states. An added element of consideration was the increased burden on the Agency by the ongoing crisis, the demographic growth rate of the Palestinian refugee population, and inflation.

The contributions requested by UNRWA are based on the contributions agreed in the tenth Convention with an increase of € 10 million, in addition to an indexation of 5%, to respond to inflation, population growth, new needs caused by additional long-term demands made on UNRWA by the current crisis in the Middle East and by the necessity to provide additional services. The Commission requested UNRWA to provide of the increases proposed to the Community contribution, in relation to contributions made under the tenth Convention.

3. UNRWA's Operations

3.1. Education Programme

Under its Education Programme, UNRWA provides education to over 475,000 pupils (an increase of more than 30,000 pupils since the tenth Convention came into force) in its 639 elementary, preparatory and secondary schools (secondary schools in Lebanon only). UNRWA also provides educational services to over 6,000 trainees at the 8 vocational training centres and the three education science faculties in Jordan, Syria, Lebanon, the West Bank and Gaza. The Education Programme has been developed in close co-ordination with UNESCO. The overall objective of the education programme is to provide, within the framework of the curricula prescribed by the host countries and by the Palestinian Authority, general basic education, teacher education and vocational and technical education for Palestine refugees to enhance their educational opportunities at all levels of the educational system.

The education programme faces budgetary constraints caused by new requirements by host authorities, like the introduction of English language in Jordan for grades one to four, and other changes in the various national curricula. The education programme must also cope with an unusual increase in school enrolment which resulted, among other factors, from the return of refugee families to Gaza and West Bank with the establishment of the Palestinian Authority, and the consequent transfer of their children to UNRWA schools from non-Agency schools in their previous places of residence in Arab countries. The Palestinian Authority (PA) recently reduced the age of child admission to the first grade of schooling, this will substantially increase the number of students eligible to enrol in UNRWA schools. In view of the special situation of Palestine refugees in Lebanon, UNRWA introduced Secondary Education in several areas of Lebanon.

Overcrowding continues to affect schools in all five fields, owing to limited resources to fund employment of teachers or construction of new schools and classrooms. Budgetary constraints have led to a freeze on the maintenance of school premises; many of the school premises now require comprehensive maintenance or upgrading. UNRWA needs to replace furniture and equipment in some schools where the furniture and equipment can no longer be used due to overuse, mainly in double-shift schools.

3.2. Health Programme

UNRWA's health programme is community-based, with the emphasis placed on primary health care and with very selective use of hospital services. Primary care is provided through UNRWA's own 122 facilities. Secondary care is provided through contractual arrangements with governmental or non-governmental hospitals or through partial reimbursement of costs of treatment. Two thirds of the refugee population consist of women of reproductive age and children below 15 years of age, thus making mother and child care, including family planning services, a priority area. Sustaining primary health care activities in Gaza and sustaining the family planning programme Agency-wide was a priority under the tenth Convention. The overall strategic approach of the health programme will continue to be focused on preserving the sustainable investment that has been achieved in primary health care, improving the quality of essential health services provided to the Palestinian refugees and streamlining health policies and service standards with those of the host governments and the PA. UNRWA also aims to meet the need for a reasonable increase in human resources allocated to adjust the low staff/population ratios, which are far below the current ratios in all host countries and the territory of the Palestinian Authority.

UNRWA will address new challenges resulting from major changes in the demographic and morbidity pattern among the refugees with increased mortality from non-communicable diseases, such as hypertension, diabetes mellitus, heart diseases, cancers, etc, which required introduction of an active intervention strategy for surveillance, prevention and management of these diseases ahead the need to meet the high cost of treating their complications/disabling effects at the secondary/tertiary care levels; and will adjust its treatment of diabetic patients in line with the drug management protocols of the host governments.

3.3. Relief and Social Services

UNRWA aims to ensure a minimum standard of nutrition and shelter for refugees and the Agency's relief and social services programme supports the poorest refugee families who are unable to meet their own basic needs. The programme also facilitates longer-term social and economic development for refugees and their communities.

Relief Services organises direct material and financial aid for those refugee families without a male adult medically fit to earn an income and without other identifiable means of financial support sufficient to cover food, shelter and other basic needs. Social Services encourages self-reliance in the refugee community through poverty alleviation schemes, and community-based, locally-managed institutions and services concerned with women and development, the rehabilitation and integration of refugees with disabilities, and youth activities and leadership training.

3.4. Food Aid Programme

UNRWA is requesting that the new Convention allow for the separate negotiation of the annual Community contribution in kind and cash to UNRWA's food support programme, and its contribution in kind to the supplementary feeding programme (part of the health programme).

4. Conclusion

The Commission has taken note of the special appeals made by the United Nations Secretary-General and UN Member States Working Group on the Financing of UNRWA to continue and increase Community support to UNRWA. The Commission equally notes the support amongst donors, including EU member states, that donor contributions to UNRWA should take into account the increased burdens placed on the Agency by the current crisis in the Middle East, the rate of increase in the Palestinian population, and inflation. The Community contribution should at any rate be maintained at a minimum consistent with the safeguarding services to the refugees at reasonable levels.

If it is the case that any of the functions of UNRWA is passed to the Palestinian Authority during the period 2002-2005, adjustments may be made, if appropriate, in the Community contribution to UNRWA under the Convention. Equally, adjustments should be possible in case additional demands are made of UNRWA.

It is proposed that UNRWA should communicate to the Community, before the expiry of the convention, any plans that it is making or putting into effect for the eventual hand-over of any or all of its functions.

The Commission therefore proposes that the Council approve, after consultation of the Parliament, the text of the eleventh Convention between the European Community and the United Nations Relief and Works Agency for Palestine Refugees in the Near East for a period of a further four years, from 2002-2005.

Proposal for a

COUNCIL DECISION

on the conclusion of the Convention between the European Community and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) concerning aid to refugees in the countries in the Near East for 2002-2005

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 181 in conjunction with Article 300 (3) first subparagraph, and paragraph 4, thereof,

Having regard to the proposal from the Commission²,

Having regard to the opinion of the European Parliament³,

Whereas:

- (1) The tenth Convention⁴ concluded with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) expired on 31 December 2001;
- (2) The current crisis in the Middle East has put additional burden on UNRWA;
- (3) The Community assistance to UNRWA is an important element in stabilising the situation in the Middle East and furthermore forms part of the campaign against poverty in developing countries and therefore contributes to the sustainable economic and social development of the population concerned and the host countries in which the population lives;
- (4) Support of UNRWA operations would be likely to contribute to the attainment of the Community objectives described in the above paragraph;
- (5) A new Convention should be concluded with UNRWA so that the Community's aid can continue to be provided as part of a comprehensive programme offering a measure of continuity,
- (6) The appropriate internal procedure should be established to ensure the proper functioning of the agreement. It is therefore necessary to delegate to the Commission the power to proceed to modifications where the convention provides for modifications to be adopted by simplified procedure (exchange of letters).

² OJ C ..., ..., p. ...

³ OJ C ..., ..., p. ...

⁴ OJ L 261, 7.11.1996, p. 69-71.

HAS DECIDED AS FOLLOWS:

Article 1

The Convention between the European Community and the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) concerning aid to refugees in the countries of the Near East is hereby approved on behalf of the Community.

The text of this Convention is attached to this Decision.

Article 2

The execution of the Community programme of food aid to UNRWA shall be governed by the procedure defined in Regulation (EC) No 1292/96⁵.

Article 3

The Commission shall be approve, in consultation with a special committee, modifications to the Convention where the Convention provides for modifications to be adopted by way of simplified procedure (exchange of letters).

Article 4

The President of the Council is hereby authorised to designate the persons empowered to sign the Convention in order to bind the Community.

Done at Brussels,

*For the Council
The President*

⁵ OJ L 166, 5.7.1996, p.1.

ANNEX
CONVENTION
BETWEEN THE EUROPEAN COMMUNITY
AND THE UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES (UNRWA)
CONCERNING AID TO REFUGEES
IN THE COUNTRIES OF THE NEAR EAST

Article 1

The European Community (hereinafter referred to as “the Community”) hereby concludes this Convention with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (hereinafter referred to as “UNRWA”) in order to confirm its commitment to financial support to UNRWA. This funding, extending over a four-year period (2002-2005), shall take the form of cash contributions for use under the UNRWA General Fund.

The financial commitment will be made subject to budgetary availability and with respect to the financial perspectives of the European Communities until the year 2006.

Article 2

Community contribution

1. The Community shall pay to UNRWA annually a cash contribution towards the General Fund.

Notwithstanding Article 3 of this Convention, the size of this contribution shall not exceed € 55 million in 2002, € 57.75 million in 2003, € 60,637,500 in 2004, and € 63,669,375 in 2005.

2. The contribution to the General Fund will be made by means of grant agreements to be concluded between the European Commission and UNRWA covering the years 2002-2005. The grant agreements will be concluded fully in accordance with the provisions of the 'Agreement between the United Nations and the European Community on the Principles Applying to the Financing or Co-financing by the Community of Programmes and Projects Administered by the United Nations of 9 August 1999'.
3. The contribution shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNRWA, the result of which will be duly communicated to the European Commission.

Article 3

Food aid

Taking into account the annual evaluation of the needs of the refugee population, other Community resources can also be mobilised for UNRWA's food aid programme to meet the specific needs of vulnerable groups. The amounts, quantities and characteristics of the commodities, cash and services provided and all other conditions related to support to the food aid programme will be subject to separately agreed conditions, based on annual requests from UNRWA.

Article 4

Adjustments

If necessary, during the life of the Convention, the parties can by mutual agreement increase or decrease those parts of the contributions otherwise fixed under this Convention, on the basis of an exchange of letters between the Community and UNRWA.

By the end of 2003, political developments regarding the refugees will be reviewed by the parties, and an evaluation made of any plans UNRWA has formulated, and, if this is the case, put into effect, for the hand-over of its functions to the Palestinian Authority and/or any other body.

If, during the life of the Convention, any or all of the functions of UNRWA are transferred to the Palestinian Authority or to any other body, necessary adjustments will be made to those parts of the Community contribution to UNRWA under the Convention, on the basis of an exchange of letters between the Community and UNRWA.

Article 5

Arbitration clause

1. Any dispute, controversy or claim arising out of or relating to the interpretation, application or fulfilment of this Convention, including its existence, validity or termination, which cannot be settled amicably between the Parties shall be referred to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration for International Organisations and States in force at the date of the signature of this Convention.
2. There shall be one arbitrator.
3. The language to be employed during arbitration is English.
4. In the absence of agreement between the two Parties, the arbitrator shall be designated by the President of the International Court of Justice following written request submitted by either Party.
5. The Arbitrator shall reach his/her decision in accordance with the terms and conditions of the contract in the light of the general principles of law recognised by States.

Article 6

Agreement on global arrangements

Following agreement in the discussions being held between the United Nations and the Commission on global arrangements covering the donation of voluntary contributions, the relevant provisions of such agreement and this Convention shall be promptly reviewed and any necessary amendments agreed to by UNRWA and the Commission shall be made to the applicable provisions of this Convention.

Article 7

Duration of the Convention

The Convention shall cover a period of four calendar years (2002, 2003, 2004, and 2005).

Article 8

The Convention shall be approved by the parties in accordance with their own procedures.

This Convention shall enter into force on the first day of the month following the date on which the Parties notify each other that the procedures referred to in the first paragraph of this article have been completed.

Article 9

This Convention shall be drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish and Swedish languages, each version being equally authentic.

LEGISLATIVE FINANCIAL STATEMENT

TITLE OF ACTION: CONVENTION BETWEEN THE EUROPEAN COMMUNITY AND THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST (UNRWA) CONCERNING AID TO REFUGEES IN THE COUNTRIES IN THE NEAR EAST FOR 2002-2005

1. BUDGET LINE(S) + HEADING(S)

Contributions to the regular programme: B7-421 (Aid to the United Nations Relief and Works Agency for Palestine Refugees in the Near East)

2. LEGAL BASIS

Articles 181 and 300 of the Treaty Establishing the European Community.

3. DESCRIPTION

Conclusion of a new convention between the EC and UNRWA for the Community contribution to UNRWA's budget (period 2002-2005).

4. FINANCIAL IMPACT

4.1. General Fund

UNRWA is requesting support to its regular programmes (General Fund) of :

- € 55,000,000 in 2002 (NB: € 45 million are currently foreseen on the UNRWA budget line and will be increased to € 55 million subject to budgetary availability)
- € 57,750,000 in 2003
- € 60,637,500 in 2004
- € 63,669,375 in 2005.

This amounts to a total contribution of € 237,056,875 over the four year period, representing in addition to a year-on-year 5% increase a € 10 million increase from the last year of the 10th Convention to the first year of the 11th Convention in the Community contribution. These contributions would be charged to Article B7-421 (Aid to the United Nations Relief and Works Agency for Palestine Refugees in the Near East).

4.2. Contribution to the food support programme

Under the terms of the Convention, the size and content of the annual contribution to UNRWA for the food support programme will be subject to separate negotiations and will be decided according to the procedure laid down in Regulation (EEC) N° 3972/86.

UNRWA estimates the requirements regarding the EC contributions to the food aid programme in the period 2002-2005 at € 89.23 million of which € 44.38 million are cash contribution and € 44.85 million contributions in kind.

4.3. Increase of contributions

Any increase of contributions above the amounts fixed in this Convention shall be subject to the approval by the budgetary authority within the limits of the financial perspective.