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**Report of the Commissioner-General of the United Nations Relief and Works
Agency for Palestine Refugees in the Near East**

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Chapter I

Introduction to the 2006-2007 biennium budget

1.1 The mission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is to provide education, health, relief and social services as well as access to microfinance and microenterprise opportunities for Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. The primary beneficiaries of UNRWA's services are Palestine refugees, particularly the most vulnerable groups including children, women, the aged and the disabled. Certain non-refugees are provided services under exceptional circumstances as mandated by the General Assembly.

BACKGROUND

1.2 UNRWA was established by General Assembly resolution 302 (IV) of 8 December 1949. The mandate of UNRWA has been renewed repeatedly, most recently by General Assembly resolution A/RES/59/117 of 15 December 2004, when it was extended until 30 June 2008.

1.3 UNRWA reports directly to the General Assembly to which the Commissioner-General submits an annual report. A general review of UNRWA programmes and activities is undertaken on an annual basis by the ten-member Advisory Commission, which includes representatives of the Agency's donors and host authorities. The Advisory Commission has a working relationship with the Palestine Liberation Organisation.

STRATEGIC GOALS

1.4 The Agency's goal is to promote the human development of the Palestine 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. Where feasible, UNRWA incorporates cost sharing and self-support measures into its programmes to ensure the efficient use of resources and to encourage participation by the beneficiary population in the provision of services.

1.5 During the biennium 2006-2007, UNRWA will continue to provide basic education, health, and relief and social services to more than four million registered Palestine refugees living in Jordan, Lebanon, the Syrian Arab Republic and in the West Bank and the Gaza Strip. It will also continue to offer services under its Microfinance and Microenterprise Programme.

1.6 In addition, the Agency intends to develop a comprehensive approach to camp development that will integrate housing and infrastructure interventions with health, education, microfinance and microenterprise, and community services within a human development framework. For this purpose, the Agency has established a Camp Development Unit within the Department of Operational and Technical Services to address the housing conditions of about 1.3 million refugees living in the camps in the areas of operation, with particular emphasis on those living in sub-standard shelters.

1.7 The Education Programme will provide Palestine refugee children and youth with learning opportunities, knowledge, skills and experiences that are consistent in quality, standards and norms with those offered by the host authorities within the overall framework of the principles of the United Nations. The Programme will continue to enrich the curriculum within the framework of human rights and tolerance programmes through normal and extra-curricular activities. Breadth, balance and cohesion in the curriculum will be achieved through classroom learning experiences that are positive, challenging, stimulating and enjoyable.

1.8 The Health programme will continue to focus on fostering quantitative and qualitative service standards consistent with the UN Millennium Developments Goals (MDGs), public sector standards and improving environmental conditions in camps, with a special focus on preventive primary health care.

1.9 The Relief and Social Services Programme (RSSP) will place a high priority on providing assistance to meet minimum needs of the most vulnerable refugees. Assistance will be provided to develop individual, family and community assets which will promote social inclusion and longer term self-reliance, including during times of crisis. RSSP will focus on upgrading of the social infrastructure of refugee households, camps or gatherings, and engaging the community in developing services and facilities.

1.10 The Microfinance and Microenterprise Programme will be funded primarily from revenues generated from the programme's credit operations but also from donor contributions. The programme will focus on implementing the outreach, product development and capacity building through a range of business, consumer and housing loan products that will improve the enterprise, household and housing conditions of Palestine refugees and other groups of proximate poor in four of the Agency's five areas of operation.

1.11 The Agency will continue to provide emergency assistance to Palestine refugees in situations of acute distress. Following the outbreak of strife in the occupied Palestinian territory (oPt) in September 2000, UNRWA launched a series of emergency appeals and with donor support began promoting emergency assistance to more than 1 million affected refugees, covering food aid, employment generation, medical treatment as well as shelter repair and reconstruction. Selective cash and in-kind assistance is offered to families in a state of acute need. Whether the current humanitarian crisis in the oPt continues or there are positive developments on the ground, the Agency will be in need of additional funding, either to sustain the emergency interventions or to meet the basic and residual needs for transition from conflict to recovery.

1.12 Capital improvements and associated recurrent costs in respect of Agency facilities and camp infrastructure as well as other major developments, including the Palestine Refugees Records Project (PRRP), will continue to be provided for under the project budget. UNRWA will continue to seek funding for projects including upgrading of school infrastructure, construction and repair of shelters for the most vulnerable families and improvement of environmental health infrastructure in the camps, thus contributing to better living conditions and socio-economic development of the refugee community.

1.13 The Agency will continue to create and enhance capacity-building opportunities for staff through providing the necessary developmental, leadership and management capacities to deliver and manage a quality service that is both innovative and responsive. Provisions for enhancing the process of institutional capacity building, including expanded use of information technology, will be incorporated into the General Fund.

1.14 The Agency will continue to promote gender equality and empower women through all of its programmes. Notable accomplishments so far are gender parity in schools, a focus on maternal and child health, support to women's community centres, the development of women-specific loan products and steady improvement in recruitment of women at all levels. The Agency is in the process of developing a sex-disaggregated database, which will vastly enhance its ability to plan, monitor and evaluate its activities as part of the overall gender mainstreaming strategy.

STRATEGIC PLANNING FRAMEWORK

1.15 Working within the parameters of its mandate, UNRWA has developed its own strategic plan widely known as the Medium Term Plan (MTP) for the period 2005-2009. The MTP articulates the Agency's desire to take advantage of technological advancements across sectors, consolidate its achievements and better serve

the long term interests of Palestine refugees. This refocusing of direction is necessary to help prepare Palestine refugees to contribute to, and take advantage of any positive changes that may be realized in the region over the next several years. The planning framework aims to ensure that all Palestinians derive maximum benefit from the Agency's legacy – a legacy which should include the continuation of human development trends that have been set in motion by the Agency's work since its early years.

1.16 The strategic planning framework has four objectives, namely to:

- a) Achieve parity of UNRWA services with host authority and international standards;
- b) Address unmet needs and the needs of the most vulnerable refugees;
- c) Maximize the economic potential of refugees;
- d) Build capacity within UNRWA.

These objectives constitute "end states" for the planning framework. They represent the principal tracks along which the Agency should direct its efforts to improve living conditions for Palestine refugees and to promote their self reliance and human development. It is important to note that UNRWA's MTP objectives are broadly in accordance with the objectives of the Palestinian National Authority's Medium Term Development Plan (MTDP).

1.17 The 2006-2007 Programme Budget addresses these strategic objectives through the Programmes' expected accomplishments and indicators of achievement. As the Agency's strategic plan evolves, the results of the Geneva University's Universitaire d'Études du Développement and the Belgian Université Catholique de Louvain (IUED-UCL) /UNRWA surveys will provide an authoritative frame of reference for refining performance indicators, identifying new ones and for setting benchmarks for monitoring and evaluation of programme implementation. Indicators of Achievement are benchmarked to international standards, comparisons with host authority services and by reference to satisfaction levels and beneficiaries' perceptions about the quality of UNRWA services. Performance criteria are necessary to monitor the management and administration of the Agency's health, education and social service facilities. In the area of microfinance and microenterprise, performance indicators are based on economic and financial targets, including the extent to which real income is increased and employment prospects enhanced for refugees. In the specific context of capacity building, indicators to map the progress of staff development are defined.

1.18 An enhanced capacity for collection, analysis and management of data will complement ongoing reform efforts in the Agency's budgetary processes. It will also provide the tools for progress in a number of critical management areas including:

- a) Facilitating planning and budgeting which is based on verifiable and systematically assessed needs;
- b) Reinforcing accountability by facilitating the measurement of programme outcomes. It will help to streamline the relationship between planning and budgetary processes, as budgets will be set and adjusted in accordance with evolving needs.
- c) Facilitating informed management decisions based on reliable data analysis in an environment of scarce resources. Also, enhanced data management capacity will mean that choices between competing priorities can be more readily made;
- d) Enhancing data management to underpin a strengthened communications strategy, allowing data to be more effectively applied as a tool for fundraising and for generating support for the MTP.

BUILDING PARTNERSHIPS IN SUPPORT OF UNRWA

1.19 In June 2004, a major conference entitled "Meeting the Humanitarian Needs of the Palestine Refugees in the Near East: Building Partnerships in support of UNRWA" was hosted by the Swiss Government in Geneva. The conference was the largest in 56 years to be held on the Palestine refugee issue. Around 300 delegates from 67 countries and 34 international organizations participated in the two day conference.

1.20 The purpose of the conference was to build awareness of the humanitarian needs of Palestine refugees in the Near East; to provide an opportunity for decision-makers from governments to take a more in-depth and medium-term look at the challenges faced by UNRWA in delivering crucial services to the refugees; to provide a forum for UNRWA to reach out to a wider diplomatic audience and build new or strengthen existing partnerships; to enhance the dynamic process of dialogue and partnership with donors, host authorities and other partners and to widen the Agency's donor base through participation and commitment of new partners.

1.21 The main discussion at the conference centred on four workshop sessions:

- a) Workshop I: The well-being of the Palestine refugee child;
- b) Workshop II: Community Development-The improvement of the Palestine refugees' livelihood and living conditions through the upgrading of their physical and social environments;
- c) Workshop III: Promoting the socio-economic development of the Palestine refugees; and
- d) Workshop IV: Management and mobilization of resources on behalf of Palestine refugees.

1.22 As an outcome of the conference, UNRWA will ensure that greater emphasis is placed on a holistic, inter-disciplinary approach in both the planning and implementation of the Agency's interventions. Inter-departmental cooperation currently exists in the Agency's response to issues such as the psycho-social well-being of children, special hardship cases, disabled refugees and other vulnerable groups including women and children. Nevertheless, further enhancements of the system-wide approach are planned in this budget cycle. Management information systems and the Palestinian Refugee Registration Project (PRRP) are under development and will promote inter-departmental links while allowing for integration and cross-referencing of data among programmes. The Agency will build on these existing initiatives so that inter-departmental collaboration becomes an established Agency-wide practice. Managers are actively fostering an inter-sectoral approach within their respective departments by promoting knowledge of other programmes, and actively drawing attention to areas where cooperative action is needed to achieve quality outcomes. Strengthened inter-departmental consultations have been key to the planning and budgeting exercises.

1.23 UNRWA enjoys close cooperation and long-standing partnerships with a number of UN organizations including UNAIDS, UNDP, UNESCO, UNFPA, UN-Habitat, UNHCR, WFP, UNICEF and WHO. It participates actively in multilateral aid coordination structures for the oPt and collaborates with the League of Arab States. As UNRWA's partnership strategies have proved highly successful, programme departments have maintained and strengthened existing partnership practices in the planning while at the same time actively seeking opportunities to build new partnerships. With a view to contributing to civil society, priority is given to exploring partnerships with established local non-governmental organizations. To minimize duplication of services, particular efforts are being made to develop cooperative arrangements with alternative complementary service providers, based on comparative advantage.

1.24 Developments in the areas of governance and stakeholder relations affect donor and host country support, and as such, they have important implications for the achievement of UNRWA's goals. As underlined in the conference held in Geneva, an important priority is to develop a tripartite (host/donor/UNRWA) approach as a tool for increasing donor responsiveness and creating synergies with other service providers. Productive synergies with other service providers will help demonstrate to donors that the Agency is capable of combining its strengths with those of other competent actors to maximize efficiency and optimize service outcomes for its beneficiaries.

1.25 The Agency recognizes that its governance processes do not as yet fulfil their potential as mechanisms for information sharing, substantive policy guidance and mutual accountability of UNRWA and its stakeholders. The Agency is committed to working initially to identify a reform formula that allows for substantive discussion on concrete policy issues, while respecting the imperatives of the Agency's mandate. The implementation of the Agency's planned programme of work will benefit from a continuing multi-level dialogue with all partners and stakeholders.

1.26 The conference highlighted a number of cross-cutting issues for which a coordinated inter-departmental approach is being implemented or planned. These issues include:

- a) Working with the disabled to facilitate rehabilitation, shelter modification, mainstreaming into the education system, learning support centres in schools, vocational training/reskilling and access to credit;
- b) Provision of psychosocial support and counselling to those in need either through schools, community based organizations or health facilities;
- c) Life-skills education in the areas of HIV/AIDS, smoking, economic self-sufficiency and securing employment;
- d) Application and mainstreaming of CRC including dissemination of information in schools and the community on the rights of the child, participation of children in decision making, learning support centres, a child's right to play and access to recreational facilities;
- e) Focusing on women as one of the most vulnerable groups in communities and providing support through community based organizations, health centres, counsellors, participation in community decision making apparatus, access to vocational training and greater access to credit;
- f) Capacity building for the most vulnerable refugees including children, women, the aged and disabled through education, health, social services and access to credit. Capacity building amongst UNRWA staff will be achieved through targeted professional training as well as improving managerial, administrative and language skills;
- g) Strengthening the capacity to gather and analyze data Agency-wide to identify gaps and record progress achieved in implementing activities;
- h) Enhancing partnerships while ensuring that UNRWA remains the main actor though increased interaction with donors, host authorities, other service providers as well as involvement of refugees in planning, implementation management of projects.

EXTERNAL FACTORS, CONSTRAINTS AND CHALLENGES

1.27 UNRWA's planning is complicated by uncertainty surrounding the Middle East peace process. Should peace talks progress, the Agency may be asked to assume new temporary tasks as required by a peace settlement. However, should conflict persist, military operations, security issues, deteriorating economic conditions for the refugees and the restrictions on the flow of goods, services and individuals will continue to affect UNRWA's work.

1.28 UNRWA operates in a turbulent region buffeted by the Arab-Israeli conflict and its consequences in terms of episodes of violence and a worsening socio-economic situation. Emergency situations, especially in the Gaza Strip and the West Bank, impose heavy operational and financial burdens on the Agency, threatening the sustainability and quality of UNRWA services and necessitating emergency appeals, which compete with fundraising for the regular budget.

1.29 Following the planned Israeli disengagement from the Gaza Strip and some parts of the West Bank, uncertainty exists as to the economic impact of the action. At least two scenarios for the Gaza Strip have been put forward by political and economic analysts. One scenario holds that, under the full control of Palestinians, local economic activity will be revived and diversified. This in turn would generate employment opportunities. The other possibility, based on Israel's declared intention to ban the construction of a port and the reopening of the Gaza airport as well as to move the border terminal with Egypt from Rafah to a new location inside Israel would have catastrophic consequences for the Gaza economy. Furthermore, Israel has also announced that by 2008 no Palestinian workers from the Gaza Strip would be allowed to enter Israel.

1.30 Contingency planning for the 'disengagement' includes the pre-positioning of food and other supplies for distribution, and preparation for medical emergencies that might arise during the disengagement process. UNRWA, in close co-operation with the Palestinian Authority, is preparing for major activities in the fields of education and infrastructure development, to be implemented upon completion of disengagement and once supplementary funding to that effect is secured.

1.31 In the West Bank, the communities affected by the wall/fence have increasing needs as access to basic services is more and more restricted. By adapting its services, UNRWA has been working to meet the growing needs of these communities. The wall/fence around Jerusalem is having a particular impact on UNRWA operations, as even access to duty stations for staff has become a serious problem. The completion of the wall/fence, scheduled for the summer of 2005, will necessitate the relocation of a significant part of UNRWA operations from East Jerusalem to outlying areas. This has financial, as well as political implications.

1.32 The conflict in the Gaza Strip and the West Bank has also disrupted the Agency's ability to deliver its services, has adversely affected the safety and security of UNRWA staff and has resulted in significant additional expenditure to counteract obstacles imposed by the Israeli authorities.

1.33 Staff living and working under conditions of extreme stress in the Gaza Strip and the West Bank frequently suffer from fatigue and burnout, making it increasingly difficult to produce quality results.

1.34 Obstacles to UNRWA operations include the imposition of closures and restrictions on humanitarian access in the West Bank and the Gaza Strip, where some 48 per cent of the Agency's regular budget is spent. In addition, the Agency has incurred \$4.5 million in excess storage, demurrage and transport charges due to delays in moving goods containers through the Karni crossing into and out of the Gaza Strip in the year ending 30 June 2005.

1.35 Increases in staff compensation or the cost of services and supplies promulgated by host authorities place unforeseen burdens on the Agency, affect staff morale and require redeployment of scarce resources.

1.36 Introduction or expansion of new courses such as English and French language and Information Technology into school curricula, change of textbooks and introduction of expensive vaccines into the national immunisation programmes place an additional burden on UNRWA's scarce resources that must accommodate these unplanned activities. In addition, decrees promulgated by host authorities for increases in the cost of services such as medical care, port charges or the cost of supplies such as fuel and utilities, result in additional unforeseen expenditure.

1.37 In spite of the heavy investment in staff training and development, programmes are finding it increasingly difficult to find staff for senior and mid-level managerial positions due to uncompetitive salaries and conditions of service.

1.38 In some localities it is difficult to attract specialised staff as the field is relatively new and local colleges and universities do not offer training programmes which adequately qualify candidates.

1.39 UNRWA's budget, funded almost entirely by voluntary contributions (cash and in-kind), is subject to uncertainties in the timing and value of funding receipts. This limits the ability of the Agency to plan and implement programmes and project activities.

1.40 Although UNRWA's expenditure is incurred mainly in US dollars, 63 per cent of the income is received in non-US dollar currencies, thus exposing the Agency to the risks of currency fluctuations.

1.41 Support for the Agency and increased coordination among the Agency and host authorities, other UN agencies, NGOs and the refugees themselves; contribute to the effective delivery of services by UNRWA.

1.42 Worsening socio-economic conditions and increased rates of unemployment in some of the Agency's areas of operation result, inter alia, in larger numbers of school drop outs and increased demand on medical care services, compromising community participation and causing a breakdown in cost-sharing systems.

1.43 The Agency's continued inability to build up a provision for termination indemnities means that it will be severely constrained financially when operations eventually wind down. The Agency however, cannot afford to reduce staff as a deficit-reduction measure, not only because the current level of staffing is below acceptable standards, but also because of the short-term financial implications of paying termination indemnities.

1.44 The Agency is continually seeking ways to stretch limited resources to meet the demands of a growing refugee population. Toward this goal, UNRWA aims to achieve a series of efficiency gains and savings. Amongst others, recent initiatives include a reduction in the school work week from six to five working days resulting in savings in logistical and utility costs, implementation of video-conferencing and Satellite Wide Area Network (SWAN) resulting in savings in travel costs, staff time and telephone charges.

1.45 Insufficient project funding for school construction and upgrading of camp infrastructure contributes to overcrowded schoolrooms, poor environmental health conditions and dilapidation of refugee shelters. All call for substantial capital investment.

BUDGET FORMAT

1.46 The 2006-2007 budget provides the Agency with a renewed opportunity to document the way it intends to allocate its resources to meet its programme, operational and management objectives. Programmatic aspects of the budget have been integrated with the resource narrative by employing a consistent results-based management approach linking clearly defined programme activities to programme objectives and expected accomplishments, with assessment of the latter provided for by key performance indicators. This approach reinforces the usefulness of the budget as a planning, managerial and fundraising tool, while at the same time maintaining the Agency's financial transparency and integrity. Salient features of the budget are detailed below.

1.47 The budget hinges on a biennial programme of work that specifies goals, objectives, planned outputs to be delivered and expected accomplishments measured by indicators of achievement for all Agency programmes and sub-programmes. Coherent programme descriptions and justification for all budgeted activities have been provided.

1.48 The budget covers the total financial requirements for implementation of the Agency's regular programme. This includes both the General Fund (with its in-kind component) and the project budget.

1.49 Biennial estimates are provided for the 2006-2007 biennium together with data for prior biennia, to facilitate comparisons, and where appropriate, to offer baseline data against which to discern programme and budget trends. In 2005 critical activities from the MTP as well as activities from the Emergency Appeals, including psychosocial support, remedial education and additional health care, are included as a lump-sum adjustment to the originally approved budget.

1.50 As was the case for the previous two biennia, the budget preparation has been guided by planning and budgeting assumptions. The planning and budgeting assumptions were divided into general strategic assumptions and programme specific assumptions for guidance down to the detailed programme level of work. The guiding principle of the budget preparation was budget preparation according to a "needs based approach" with special provisions being made to integrate and enhance new core programme activities and/or implement government decrees promulgated by the host authorities as well as to address unmet basic priority needs of a recurrent nature. The budget was prepared to be consistent with and to incorporate the goals of the Medium Term Plan (MTP). The Agency's Major Planning and Budgeting Assumptions for the 2006-2007 biennium were shared with donors in November 2004.

BUDGET STRUCTURE

1.51 The structure of UNRWA's budget reflects both the recurrent and non-recurrent nature of activities and the means by which they are funded. The budget document indicates how the Agency expects to fund the budget from the different income sources on which it relies. The budget is broadly divided into two parts:

a) The **regular budget** comprises recurrent staff and non-staff costs. It is further divided into cash and in-kind portions. The cash budget is funded through cash contributions recorded as income to the General Fund (GF). The in-kind budget represents the value of in-kind donations that the Agency expects to receive based on agreements with donors or past practice (for example, food aid).

b) The **project budget** comprises mainly non-recurrent costs funded by earmarked project contributions. Activities are implemented only if they are specifically funded by donors.

1.52 The regular budget and the project budget together comprise the total budget volume for 2006-2007. The budget text clarifies which programme activities fall under the General Fund, and which fall under the project budget component.

CHANGES IN THE CURRENT BUDGET SUBMISSION

1.53 Regular budget

The regular budget has been prepared on a “needs based approach” rather than “finance constrained approach” with provisions being made to incorporate and enhance new core programme activities and/or implement government decrees promulgated by host authorities, to include resources required to meet the MTP objectives as well as to address unmet priority needs.

1.54 Project budget

Following the need for increased commitment to strengthen and consolidate the Agency’s asset base, the project element of the budget has been increased from \$93 million in 2004-2005 to \$286 million in 2006-2007 by application of a “needs based approach” to budgeting that incorporates the objectives of the MTP. Paragraph 1.84 provides details of the Agency’s generic priorities used in the selection of projects for project funding.

1.55 Working Capital

No working capital requirements have been included in this budget submission to leave room for other priority expenditure requirements. Over the last two years, the Agency has built up a working capital reserve equal to one month’s operational requirements.

1.56 Liaison Offices

In the 2006-2007 biennium budget the activities of the liaison offices in Geneva and New York have been integrated into the budget narrative along functional lines. Expected Accomplishments and Indicators of Achievement reflecting the roles of the liaison offices can be found under the Commissioner General’s Office, External Relations and Public Information, amongst others. For the purposes of transparency and comparability, budgeted expenditure for the liaison offices will be presented with the Commissioner General’s Office in Chapter 7.

1.57 Additional Items

A newly established Camp Development Unit will develop an urban planning development policy for refugee camps to address and improve the living conditions of approximately 1.3 million refugees living in 58 camps throughout the UNRWA areas of operations. Also, in the Health department a new cancer management and detection initiative is planned and in the Education department increased human rights and globalization education training will be carried out.

FINANCIAL SITUATION FOR 2004

1.58 The financial results for the fiscal year 2004 (see Table 1) clearly illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate of the provision of basic services to Palestine refugees. The funding gap for the regular budget amounted to \$8.7 million and the projects budget experienced a shortfall of \$23 million. The funding gap for the regular budget would have been \$12.1 million if the exchange rate gains and the interest income were excluded from the total income.

Table 1: Funding Status of the Agency's Budget for 2004
(In thousands of United States dollars)

| | Regular Budget | Projects | Emergency Appeal |
|---|-----------------|-----------------|------------------|
| Budget | 350,965 | 45,946 | 209,406 |
| Contributions Income* | 338,863 | 22,923 | 111,002 |
| Funding Gap | (12,102) | (23,023) | (98,404) |
| Partially funded by other income** | 3,426 | | |
| Net funding gap for the year | (8,676) | | |

* Includes \$12.5 million not received for the regular budget by 31 December 2004.

** Other income consists of \$1.498 million exchange rate gains and \$ 1.928 million interest income.

1.59 The 2004 Emergency Appeals were underfunded by \$98.4 million.

1.60 The overall Agency-wide impact of underfunding in 2004 meant that UNRWA was unable to implement crucial activities to the value of \$130.1 million.

FINANCIAL OUTLOOK FOR 2005

1.61 Current projections of income and expenditure for 2005, shown in Table 3 below, indicate a funding gap for the regular budget of \$11.1 million when comparing the net budgeted expenditure of \$399.8 million (see Table 3 below) with total expected income of \$388.7 million (based on indicative estimates from donors as well as interest income). Therefore, unless further contributions are forthcoming, the Agency will not be in a position to fully implement its budgeted activities in 2005.

Table 2: Regular Budget - 2005

(In thousands of United States dollars)

| | Regular Budget | |
|---|----------------|-----------------|
| Original Budget | | 360,951 |
| Additions: | | |
| Disengagement plan | 12,500 | |
| 2005 MTP* | 28,900 | |
| Emergency Appeal** | 7,400 | |
| | | 48,800 |
| Less: | | |
| Expected Programme Support Costs (PSCs) | | |
| Recovery | | (10,000) |
| Revised Regular Budget | | 399,751 |

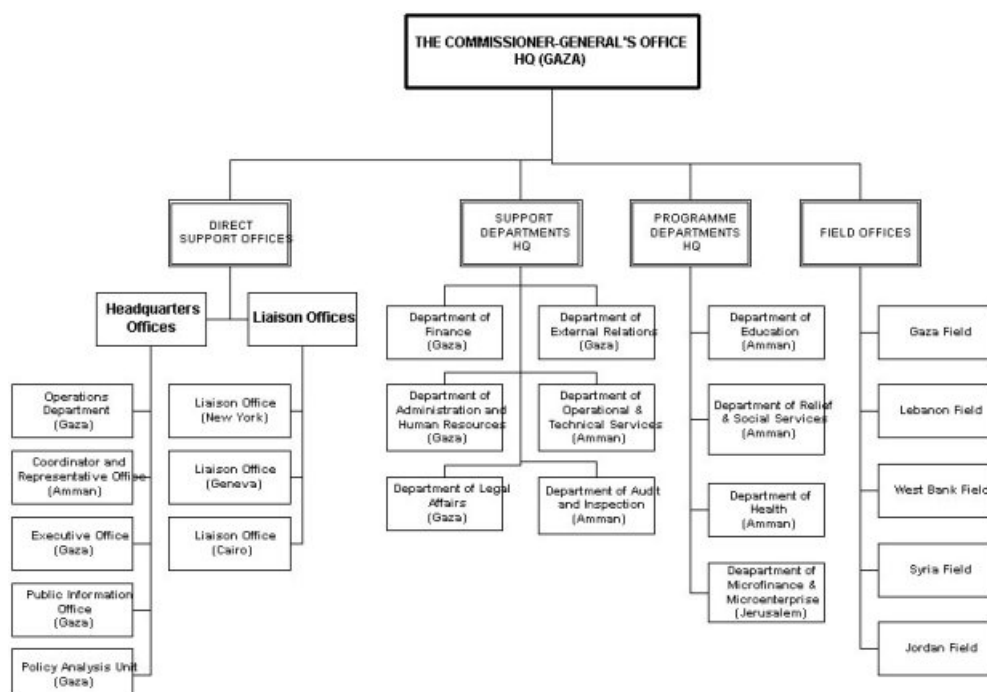
* \$17.9 million for Education, \$3.8 million for Health, \$5.1 million for RSSP and \$2.1 million for Camp Development

** Activities of recurrent nature transferred from the Emergency Appeal budget

Table 3: Income & Expenditure Forecast - 2005
(In thousands of United States dollars)

| | Regular Budget | Projects | Emergency Appeal |
|------------------------------|-----------------|-----------------|------------------|
| Budget | 399,751 | 47,135 | 185,815 |
| Expected Total Income | 388,700 | 27,000 | 90,000 |
| Funding Gap | (11,051) | (20,135) | (95,815) |

UNRWA's ORGANIZATIONAL CHART



BIENNIUM BUDGET 2006-2007

Table 4: Summary of 2006-2007 Total Budget Volume
(In thousands of United States dollars)

* The project budget includes \$0.1 million each year funded from the income generated by the Micro-Credit & Savings Programme (MCSP) and \$4.2 million in 2006 and \$4.7 million in 2007 funded from Microfinance & Microenterprise Programme (MMP).

| | 2024-2025 | | | 2025-2026 | | | 2026-2027 | | | 2027-2028 | | | 2028-2029 | | | 2029-2030 | | | 2030-2031 | | | 2031-2032 | | | 2032-2033 | | | 2033-2034 | | | 2034-2035 | | | 2035-2036 | | | 2036-2037 | | | 2037-2038 | | | 2038-2039 | | | 2039-2040 | | | 2040-2041 | | | 2041-2042 | | | 2042-2043 | | | 2043-2044 | | | 2044-2045 | | | 2045-2046 | | | 2046-2047 | | | 2047-2048 | | | 2048-2049 | | | 2049-2050 | | | 2050-2051 | | | 2051-2052 | | | 2052-2053 | | | 2053-2054 | | | 2054-2055 | | | 2055-2056 | | | 2056-2057 | | | 2057-2058 | | | 2058-2059 | | | 2059-2060 | | | 2060-2061 | | | 2061-2062 | | | 2062-2063 | | | 2063-2064 | | | 2064-2065 | | | 2065-2066 | | | 2066-2067 | | | 2067-2068 | | | 2068-2069 | | | 2069-2070 | | | 2070-2071 | | | 2071-2072 | | | 2072-2073 | | | 2073-2074 | | | 2074-2075 | | | 2075-2076 | | | 2076-2077 | | | 2077-2078 | | | 2078-2079 | | | 2079-2080 | | | 2080-2081 | | | 2081-2082 | | | 2082-2083 | | | 2083-2084 | | | 2084-2085 | | | 2085-2086 | | | 2086-2087 | | | 2087-2088 | | | 2088-2089 | | | 2089-2090 | | | 2090-2091 | | | 2091-2092 | | | 2092-2093 | | | 2093-2094 | | | 2094-2095 | | | 2095-2096 | | | 2096-2097 | | | 2097-2098 | | | 2098-2099 | | | 2099-2100 | | | 2100-2101 | | | 2101-2102 | | | 2102-2103 | | | 2103-2104 | | | 2104-2105 | | | 2105-2106 | | | 2106-2107 | | | 2107-2108 | | | 2108-2109 | | | 2109-2110 | | | 2110-2111 | | | 2111-2112 | | | 2112-2113 | | | 2113-2114 | | | 2114-2115 | | | 2115-2116 | | | 2116-2117 | | | 2117-2118 | | | 2118-2119 | | | 2119-2120 | | | 2120-2121 | | | 2121-2122 | | | 2122-2123 | | | 2123-2124 | | | 2124-2125 | | | 2125-2126 | | | 2126-2127 | | | 2127-2128 | | | 2128-2129 | | | 2129-2130 | | | 2130-2131 | | | 2131-2132 | | | 2132-2133 | | | 2133-2134 | | | 2134-2135 | | | 2135-2136 | | | 2136-2137 | | | 2137-2138 | | | 2138-2139 | | | 2139-2140 | | | 2140-2141 | | | 2141-2142 | | | 2142-2143 | | | 2143-2144 | | | 2144-2145 | | | 2145-2146 | | | 2146-2147 | | | 2147-2148 | | | 2148-2149 | | | 2149-2150 | | | 2150-2151 | | | 2151-2152 | | | 2152-2153 | | | 2153-2154 | | | 2154-2155 | | | 2155-2156 | | | 2156-2157 | | | 2157-2158 | | | 2158-2159 | | | 2159-2160 | | | 2160-2161 | | | 2161-2162 | | | 2162-2163 | | | 2163-2164 | | | 2164-2165 | | | 2165-2166 | | | 2166-2167 | | | 2167-2168 | | | 2168-2169 | | | 2169-2170 | | | 2170-2171 | | | 2171-2172 | | | 2172-2173 | | | 2173-2174 | | | 2174-2175 | | | 2175-2176 | | | 2176-2177 | | | 2177-2178 | | | 2178-2179 | | | 2179-2180 | | | 2180-2181 | | | 2181-2182 | | | 2182-2183 | | | 2183-2184 | | | 2184-2185 | | | 2185-2186 | | | 2186-2187 | | | 2187-2188 | | | 2188-2189 | | | 2189-2190 | | | 2190-2191 | | | 2191-2192 | | | 2192-2193 | | | 2193-2194 | | | 2194-2195 | | | 2195-2196 | | | 2196-2197 | | | 2197-2198 | | | 2198-2199 | | | 2199-2200 | | | 2200-2201 | | | 2201-2202 | | | 2202-2203 | | | 2203-2204 | | | 2204-2205 | | | 2205-2206 | | | 2206-2207 | | | 2207-2208 | | | 2208-2209 | | | 2209-2210 | | | 2210-2211 | | | 2211-2212 | | | 2212-2213 | | | 2213-2214 | | | 2214-2215 | | | 2215-2216 | | | 2216-2217 | | | 2217-2218 | | | 2218-2219 | | | 2219-2220 | | | 2220-2221 | | | 2221-2222 | | | 2222-2223 | | | 2223-2224 | | | 2224-2225 | | | 2225-2226 | | | 2226-2227 | | | 2227-2228 | | | 2228-2229 | | | 2229-2230 | | | 2230-2231 | | | 2231-2232 | | | 2232-2233 | | | 2233-2234 | | | 2234-2235 | | | 2235-2236 | | | 2236-2237 | | | 2237-2238 | | | 2238-2239 | | | 2239-2240 | | | 2240-2241 | | | 2241-2242 | | | 2242-2243 | | | 2243-2244 | | | 2244-2245 | | | 2245-2246 | | | 2246-2247 | | | 2247-2248 | | | 2248-2249 | | | 2249-2250 | | | 2250-2251 | | | 2251-2252 | | | 2252-2253 | | | 2253-2254 | | | 2254-2255 | | | 2255-2256 | | | 2256-2257 | | | 2257-2258 | | | 2258-2259 | | | 2259-2260 | | | 2260-2261 | | | 2261-2262 | | | 2262-2263 | | | 2263-2264 | | |
|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|-----------|--|--|
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| | Q1 FY 2016 | | | Q2 FY 2016 | | | Q3 FY 2016 | | | Q4 FY 2016 | | | Q1 FY 2017 | | | Q2 FY 2017 | | | Q3 FY 2017 | | | Q4 FY 2017 | | | FY 2016 | | | FY 2017 | | | FY 2018 | | |
|---|------------|-------|-------|------------|-------|-------|------------|--------|--------|------------|--------|--------|------------|--------|--------|------------|--------|--------|------------|--------|--------|------------|--------|--------|---------|--------|--------|---------|--------|--------|---------|--|--|
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | | | |
| OPERATIONAL & TECHNICAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance/Liability Services | 2,100 | 2,800 | 3,700 | 4,300 | 5,000 | 5,800 | 6,500 | 7,200 | 8,000 | 8,800 | 9,500 | 10,200 | 11,000 | 11,800 | 12,500 | 13,200 | 14,000 | 14,800 | 15,500 | 16,200 | 17,000 | 17,800 | 18,500 | 19,200 | 20,000 | 20,800 | 21,500 | 22,200 | 23,000 | 23,800 | | | |
| Information Management/Consulting | 5,000 | 5,500 | 6,000 | 6,500 | 7,000 | 7,500 | 8,000 | 8,500 | 9,000 | 9,500 | 10,000 | 10,500 | 11,000 | 11,500 | 12,000 | 12,500 | 13,000 | 13,500 | 14,000 | 14,500 | 15,000 | 15,500 | 16,000 | 16,500 | 17,000 | 17,500 | 18,000 | 18,500 | 19,000 | 19,500 | | | |
| Equipment Maintenance/Repairs | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 | 4,100 | 4,200 | 4,300 | 4,400 | | | |
| IT Support/Helpdesk | 3,000 | 3,200 | 3,400 | 3,600 | 3,800 | 4,000 | 4,200 | 4,400 | 4,600 | 4,800 | 5,000 | 5,200 | 5,400 | 5,600 | 5,800 | 6,000 | 6,200 | 6,400 | 6,600 | 6,800 | 7,000 | 7,200 | 7,400 | 7,600 | 7,800 | 8,000 | 8,200 | 8,400 | 8,600 | 8,800 | | | |
| Facilities Management | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 | 4,100 | 4,200 | 4,300 | 4,400 | 4,500 | 4,600 | 4,700 | 4,800 | 4,900 | 5,000 | 5,100 | 5,200 | 5,300 | 5,400 | | | |
| Security Services | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 | 4,100 | 4,200 | 4,300 | 4,400 | 4,500 | 4,600 | 4,700 | | | |
| Legal Services | 1,200 | 1,300 | 1,400 | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 | 4,100 | | | |
| Professional Fees | 1,000 | 1,100 | 1,200 | 1,300 | 1,400 | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | | | |
| Travel Expenses | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | 1,800 | 1,850 | 1,900 | 1,950 | 2,000 | 2,050 | 2,100 | 2,150 | 2,200 | 2,250 | | | |
| Utilities | 600 | 650 | 700 | 750 | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | 1,800 | 1,850 | 1,900 | 1,950 | 2,000 | 2,050 | | | |
| Office Supplies | 400 | 450 | 500 | 550 | 600 | 650 | 700 | 750 | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | 1,800 | 1,850 | | | |
| Postage | 300 | 350 | 400 | 450 | 500 | 550 | 600 | 650 | 700 | 750 | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | | | |
| ADMINISTRATIVE & SUPPORT SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Human Resources/Recruitment | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 | 4,100 | 4,200 | 4,300 | 4,400 | | | |
| Accounting/Finance | 1,200 | 1,300 | 1,400 | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 | 4,100 | | | |
| Information Technology | 1,000 | 1,100 | 1,200 | 1,300 | 1,400 | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 | 2,500 | 2,600 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 | 3,300 | 3,400 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | | | |
| Legal & Compliance | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | 1,800 | 1,850 | 1,900 | 1,950 | 2,000 | 2,050 | 2,100 | 2,150 | 2,200 | 2,250 | | | |
| Facilities & Maintenance | 600 | 650 | 700 | 750 | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | 1,800 | 1,850 | 1,900 | 1,950 | 2,000 | 2,050 | | | |
| Security & Safety | 400 | 450 | 500 | 550 | 600 | 650 | 700 | 750 | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | 1,800 | 1,850 | | | |
| Transportation & Logistics | 300 | 350 | 400 | 450 | 500 | 550 | 600 | 650 | 700 | 750 | 800 | 850 | 900 | 950 | 1,000 | 1,050 | 1,100 | 1,150 | 1,200 | 1,250 | 1,300 | 1,350 | 1,400 | 1,450 | 1,500 | 1,550 | 1,600 | 1,650 | 1,700 | 1,750 | | | |
| TOTAL OPERATIONAL & TECHNICAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 6,400 | 6,900 | 7,400 | 8,000 | 8,500 | 9,000 | 9,500 | 10,000 | 10,500 | 11,000 | 11,500 | 12,000 | 12,500 | 13,000 | 13,500 | 14,000 | 14,500 | 15,000 | 15,500 | 16,000 | 16,500 | 17,000 | 17,500 | 18,000 | 18,500 | 19,000 | 19,500 | 20,000 | 20,500 | 21,000 | | | |

Table 6: Agency-Wide Budget by Field and Category of Expenditure
(In thousands of United States dollars)

Table 7: Agency-Wide Budget by Programme and Category of Expenditure
(In thousands of United States dollars)

Table 8: Regular Budget by Category of Expenditure
(in thousands of United States dollars)

| | | 2002-2003 | 2004-2005 | 2006-2007 |
|-------------------------------------|--------------------------------------|----------------|----------------|-----------------|
| | | Expenditure | Appropriation | Estimate |
| Staff | International Staff | 30,483 | 39,164 | 41,521 |
| | Area Staff | 432,142 | 478,445 | 596,894 |
| | Sub-total | 462,625 | 517,609 | 638,415 |
| Services | Travel | 1,676 | 2,388 | 3,920 |
| | Communication | 2,239 | 3,229 | 3,754 |
| | Transport Services | 1,134 | 1,821 | 1,988 |
| | Port Operation | 1,720 | 2,039 | 2,514 |
| | Training | 670 | 3,262 | 6,772 |
| | Maintenance of Equipment & Furniture | 1,012 | 1,763 | 2,586 |
| | Miscellaneous Services | 6,602 | 11,442 | 10,503 |
| | Consultancy Services | 657 | 4,943 | 2,768 |
| | Hospital Services | 14,770 | 18,442 | 21,269 |
| | Other Medical Services | 0 | 0 | 5,152 |
| | Sub-total | 30,480 | 49,329 | 61,226 |
| Supplies | Medical Supplies | 15,914 | 24,158 | 27,284 |
| | Transportation Supplies | 2,145 | 3,506 | 5,181 |
| | Clothing Supplies | 404 | 585 | 650 |
| | Textbooks & Library Books | 8,029 | 11,206 | 15,175 |
| | Sport Supplies | 219 | 262 | 370 |
| | Fresh Food | 993 | 1,142 | 1,295 |
| | Miscellaneous Supplies | 6,079 | 7,165 | 10,260 |
| | Teaching Supplies | 98 | 133 | 300 |
| | Basic Commodities | 23,632 | 28,439 | 37,289 |
| | Sub-total | 57,509 | 76,596 | 97,804 |
| Equipment & Construction | Computer Hard/Software | 3,674 | 7,664 | 12,313 |
| | Equipment & Furniture | 4,661 | 10,023 | 19,028 |
| | Transport Equipment | 4,572 | 3,567 | 3,083 |
| | Telecommunication HW/SW | 0 | 0 | 430 |
| | Construction | 1,781 | 14,283 | 50,241 |
| | Sub-total | 14,688 | 35,537 | 85,095 |
| Premises | Rental of Premises | 2,607 | 2,803 | 3,180 |
| | Utilities | 4,056 | 4,581 | 5,340 |
| | Maintenance | 6,128 | 6,881 | 21,154 |
| | Sub-total | 12,791 | 14,265 | 29,674 |
| Subsidies | Patient Subsidies | 3,210 | 5,428 | 11,695 |
| | Special Hardship Assistance | 17,962 | 22,600 | 25,921 |
| | Other Subsidies | 2,461 | 3,469 | 5,541 |
| | Sub-total | 23,633 | 31,497 | 43,157 |
| Total | | 601,726 | 724,833 | 955,371 |
| Other Requirements | Additional International Staff | | 0 | 5,724 |
| | Working Capital Build-up/Field | | 10,000 | 1,144 |
| | Operational Reserves | | | |
| | Salary Increase Reserve | | 12,000 | 30,000 |
| | Contingency Requirements | | 2,000 | 2,000 |
| | Sub-total | | 24,000 | 38,868 |
| Total Regular Budget | | 601,726 | 748,833 | 994,239 |
| Project Budget | | 37,971 | 93,081 | 286,321 |
| Emergency Appeal Budget | | 184,962 | 395,221 | 338,184* |

*Based on 2005 Appeal should there be a need to launch another appeal during 2006-2007

* Based on 2005 Appeal should there be a need to launch another appeal during 2006-2007

GROWTH IN THE BUDGET

Table 9: Significant Workload Indicators Relating to Resource Requirements

| Indicator | 1996-1997 Actual | 1998-1999 Actual | 2000-2001 Actual | 2002-2003 Actual | 2004-2005 Budget | 2006-2007 Estimate | % growth 2006- 2007 over 2004-2005 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--|
| Area staff posts | 21,553 | 22,212 | 23,151 | 24,862 | 26,982 | 30,310 | 12.3% |
| Pupils | 447,268 | 458,716 | 486,026 | 488,661 | 493,246 | 496,822 | 1% |
| Teacher posts | 12,952 | 13,667 | 14,615 | 15,161 | 16,416 | 18,513 | 12.8% |
| Patient visits | 14,396,576 | 14,326,112 | 15,568,714 | 16,222,468 | 18,000,000 | 19,000,000 | 5.5% |
| Special hardship cases | 176,739 | 191,529 | 225,156 | 246,753 | 249,800 | 281,000 | 12.5% |
| Registered refugees | 3,469,109 | 3,625,592 | 3,926,787 | 4,136,449 | 4,381,000 | 4,607,788 | 5.1% |

1.62 The overall growth of the 2006-2007 biennium budget over that of 2004-2005 is \$245 million. This increase is basically in respect of addressing unmet needs that were previously not provided for due to the financial constraints on the level of funding made available to the Agency. The following table summarizes these increases with the respective explanations:

Table 10: Regular Budget 2006-2007 (Major Increases over 2004-2005 Appropriations)

| Cost category | Increases \$M | Explanation |
|---|------------------|--|
| Staff Costs | | |
| Additional Area Staff Posts | 80 | The total staff increase is 4329* posts. This figure comprises 460 staff in direct support of the Medium Term Plan (MTP) and 3869 staff required to support natural population growth* and to implement a "needs based approach" to budgeting which includes but is not limited to the following: Education Implementation of host country curricula Improving student : teacher ratios Adapting Vocational Training centre curricula to labour market needs Increased training in human rights' tolerance and conflict resolution. Health Improvement in doctor patient ratios in clinics Improve treatment of non-communicable diseases Improve utilization and access to medical services Improve camp environmental conditions of refugees Relief & Social Services Improve Social worker client ratios Improve Special Hardship case support Others Additional sanitation labourers and guards added on casual basis. Establishment of a Camp Development Unit * The natural population growth rate for registered refugees in the last five years (2000-2004) has varied between 3.5 per cent and 2.3 per cent. |
| Abolishment of the 1999 salary scale | 18 | Resulting from the abolition of the 1999 Area staff rule where the Agency as an austerity measure had established a lower salary scale for staff joining the Agency after 1999. This measure created morale problems with unequal pay scales for the same work and was finally abolished in 2004. |
| Annual Increment | 20 | This is a provision for an average annual increment for area staff of 2.5 per cent. |
| Area Staff salary Increase | 6 | This is a provision for biennium salary increases to be determined through salary surveys. The actual provision is \$18 million which is an increase of \$6 million over the prior biennium. |
| Area Staff-Special Occupational Allowance (SOA) | 12 | This is a provision for an increase in the special occupational allowance for senior area staff positions in order to stay competitive with local salary scales. This increase was determined through surveys of local labour markets. The total number of staff eligible to be considered for this allowance by biennium end will be approximately 2,000. |

* includes 1001 teaching posts that will be established in September 2005.

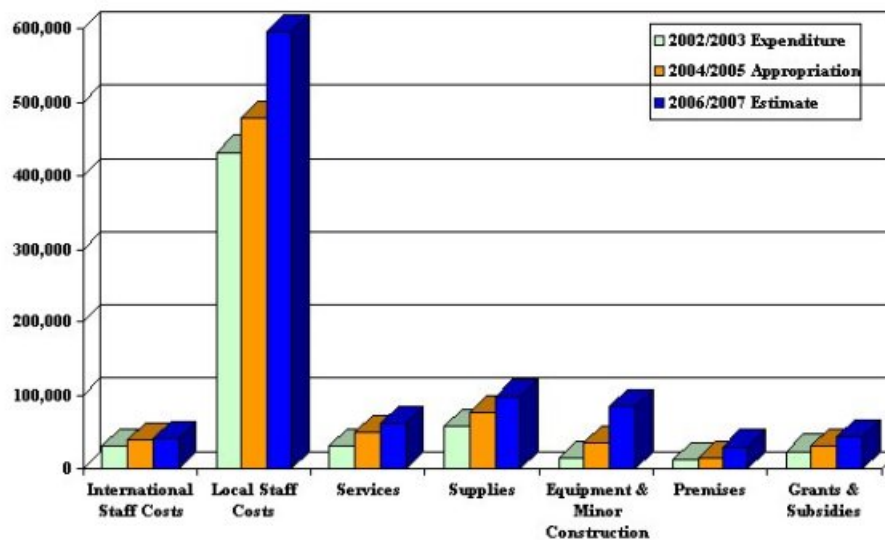
| Non-Staff Costs | \$M | Explanation |
|---------------------------------------|------------|--|
| Services | 12 | The primary increase is in hospital services due to a 460 per cent increase in prices in Syria by Government decree and average 10 per cent increases in other Fields. Also training increased across all Fields to enhance management capabilities and include human rights, conflict resolution and Convention on Rights of the Child training among others. |
| Supplies | 21 | This increase is due primarily to increases in medical supplies, basic commodities due to substitution of tuna for flour in three Fields of operations, cost of textbooks to comply with host authority's curricula and increases in transportation related supplies. |
| Equipment | 14 | This increased need is primarily due to equipment required to implement the MTP to ensure parity of UNRWA services with host authority and International standards and to maximize the economic potential of refugees. These MTP goals are achieved through enhancements to vocational training centre equipment to ensure trainees are equipped to compete in current job environment, to equip computer laboratories in schools, to equip creative and expressive arts facilities, to equip new classrooms, to provide adequate safety equipment such as fire extinguishers and to establish early learning centres and upgrading of primary health infrastructure among others. |
| Construction | 36 | Construction increased primarily due to MTP related items to ensure parity of UNRWA services with host authority and International standards and to maximize the economic potential of refugees. These MTP goals are achieved through enhancements to vocational training centres, additional classroom construction, introduction of creative and expressive arts, establishment of early learning centres and upgrading of primary health infrastructure. |
| Maintenance | 15 | A budgetary "needs based approach" rather than "finance constrained approach" generated this increase. Maintenance has been under-budgeted for several years due to "finance constrained budgeting". This chronic under-budgeting has resulted in a marked deterioration in schools, clinics, offices and distribution centres. This biennium maintenance was budgeted to bring facilities up to minimum maintenance levels required for optimum use and safety of facilities. |
| Subsidies | 12 | Increased subsidies are to provide a "needs based approach" to special hardship cases by providing actual requirements of most vulnerable refugees rather than "finance constrained budgeted" amounts of selective cash assistance. Also to provide funding to address unmet health needs by providing assistance to refugees in order to improve hospital access. 80 per cent of this increase is related to the MTP and the objective of addressing the needs of the most vulnerable refugees. |
| Total Non-Staff Cost Increases | 110 | |
| Working capital decrease | (9) | Primarily due to Working capital provision eliminated for 2006/2007 Biennium |
| Total Increase | 245 | |

Table 11: Regular Budget by Category of Expenditure

(In thousands of United States dollars)

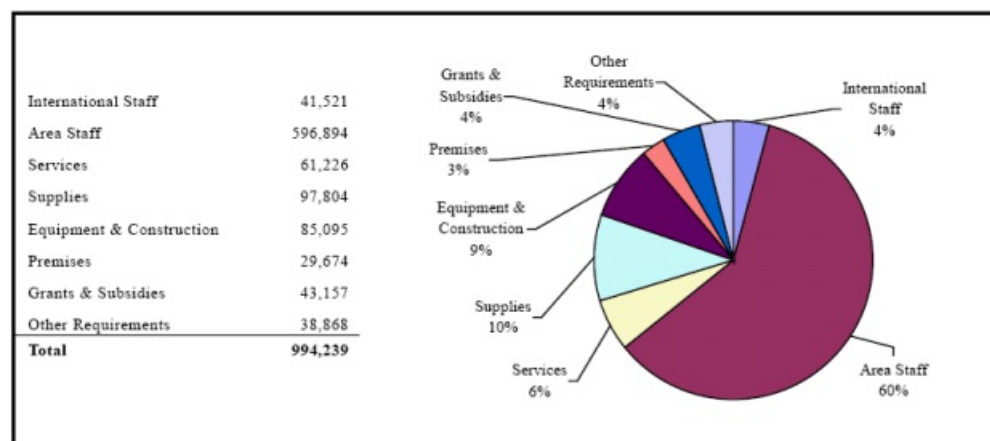
| Category | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Resource Growth | |
|--|--------------------------|----------------------------|-----------------------|-----------------|-------------|
| | | | | Amount | % |
| International Staff Costs | 30,483 | 39,164 | 41,521 | 2,357 | 6.0 |
| Area Staff Costs | 432,142 | 478,445 | 596,894 | 118,449 | 24.8 |
| Services | 30,480 | 49,329 | 61,226 | 11,897 | 24.1 |
| Supplies | 57,509 | 76,596 | 97,804 | 21,208 | 27.7 |
| Equipment & Construction | 14,688 | 35,537 | 85,095 | 49,558 | 139.5 |
| Premises | 12,791 | 14,265 | 29,674 | 15,409 | 108.0 |
| Grants & Subsidies | 23,633 | 31,497 | 43,157 | 11,660 | 37.0 |
| Sub-total | 601,726 | 724,833 | 955,371 | 230,538 | 31.8 |
| Additional International Staff | | 0 | 5,724 | 5,724 | - |
| Working Capital Requirements / Field Operational Reserves | | 10,000 | 1,144 | (8,856) | (88.6) |
| Salary Increase Requirements | | 12,000 | 30,000 | 18,000 | 150.0 |
| Contingency Requirements | | 2,000 | 2,000 | 0 | 0.0 |
| Sub-total | 0 | 24,000 | 38,868 | 14,868 | 62.0 |
| Total Resource Requirements | 601,726 | 748,833 | 994,239 | 245,406 | 32.8 |

Figure 1: Regular Budget by Category of Expenditure
(In thousands of United States dollars)



DISTRIBUTION BY EXPENDITURE TYPE

Figure 2: 2006-2007 Regular Budget by Category of Expenditure
(In thousands of United States dollars)



1.63 Figure 2 shows the 2006-2007 regular budget broken down into categories of expenditure. Staff costs account for 64 per cent of the regular budget, of which 60 per cent represents the cost of area staff and four per cent represents the cost of international staff. Supplies account for 10 per cent, four per cent of which are donated to the Agency in-kind, and services account for six per cent. Equipment and construction account for nine per cent while grants and subsidies, premises and other requirements account for 11 per cent of the budget.

DISTRIBUTION BY PROGRAMME

Table 12: Regular Budget by Programme
(In thousands of United States dollars)

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1.64 Table 12 provides information on resource growth in the Agency's regular programmes for the biennium 2006-2007 over budget appropriations of the biennium 2004-2005. The overall budget increased by some 33 per cent due to the inclusion of the MTP in all programmes, implementation of government decrees as promulgated by host authorities and addressing unmet priority needs of refugees. Details of growth by category of expenditure are included in table 10.

1.65 **Education Programme** : The growth in the Education Programme over the 2004-2005 appropriations is due to additional teaching staff requirements, additional textbooks, upgrading of curricula to Host Authority standards, upgrades to vocational training centres and schools, and improving of student : teacher ratios, all in accordance with the MTP objectives.

1.66 **Health Programme** : The resource growth over 2004-2005 appropriations is attributed to staff requirements and increases in hospitalization costs, medical supplies and patient subsidies.

1.67 **Relief and Social Services** : The resource growth over 2004-2005 appropriations is attributable to an increase in cash subsidies to special hardship cases, and an increase in social worker staffing.

1.68 **Common Services** : The resource growth over 2004-2005 is attached to staffing for the psychosocial programme and guards increases to improve Agency security.

Figure 3: Regular Budget by Programme
(In thousands of United States dollars)

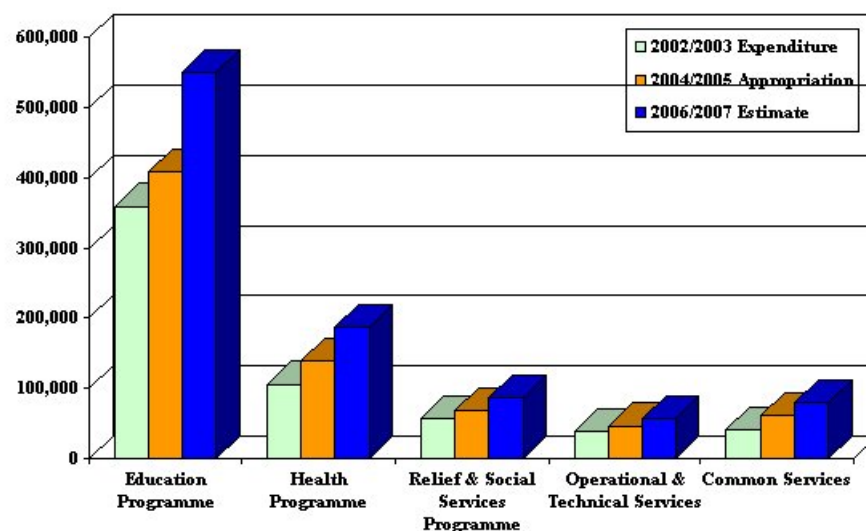
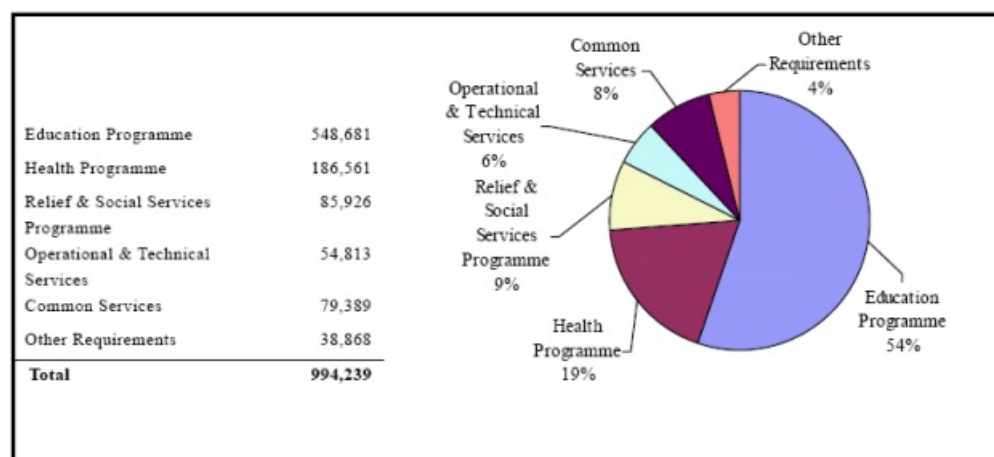


Figure 4: 2006-2007 Regular Budget by Programme
(In thousands of United States dollars)



1.69 Figure 4 shows the 2006-2007 regular budget by programme activity. Direct allocations to the Education Programme account for 54 per cent of the regular budget, followed by the Health Programme at 18 per cent and the Relief and Social Services at nine per cent. The remaining portion represents support costs and items budgeted centrally, including working capital and area staff salary increase requirements.

DISTRIBUTION BY FIELD

Table 13: Regular Budget by Field
(In thousands of United States dollars)

| Field | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Resource Growth | |
|--|--------------------------|----------------------------|-----------------------|-----------------|-------------|
| | | | | Amount | % |
| Gaza Strip | 184,030 | 221,808 | 298,982 | 77,174 | 34.8 |
| Lebanon | 93,886 | 108,623 | 135,561 | 26,938 | 24.8 |
| Syrian Arab Republic | 49,193 | 58,656 | 71,291 | 12,635 | 21.5 |
| Jordan | 144,261 | 156,307 | 210,604 | 54,297 | 34.7 |
| West Bank | 101,395 | 126,012 | 175,842 | 49,830 | 39.5 |
| Headquarters | 28,961 | 53,427 | 63,091 | 9,664 | 18.1 |
| Sub-total | 601,726 | 724,833 | 955,371 | 230,538 | 31.8 |
| Additional International Staff | | 0 | 5,724 | 5,724 | - |
| Working Capital Requirements / Field Operational Reserves | | 10,000 | 1,144 | (8,856) | (88.6) |
| Salary Increase Requirements | | 12,000 | 30,000 | 18,000 | 150.0 |
| Contingency Requirements | | 2,000 | 2,000 | 0 | 0.0 |
| Sub-total | 0 | 24,000 | 38,868 | 14,868 | 62.0 |
| Total Resource Requirements | 601,726 | 748,833 | 994,239 | 245,406 | 32.8 |

Figure 5: Regular Budget by Field
(In thousands of United States dollars)

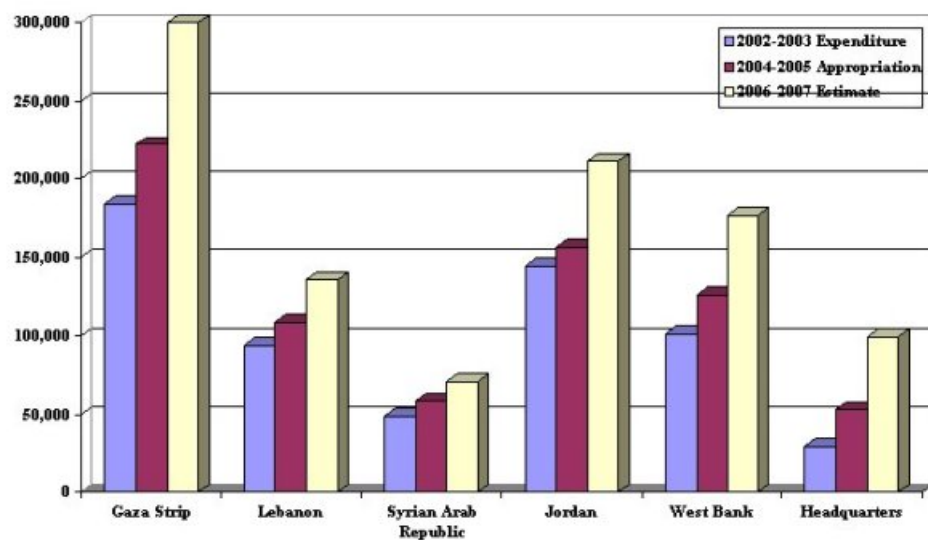
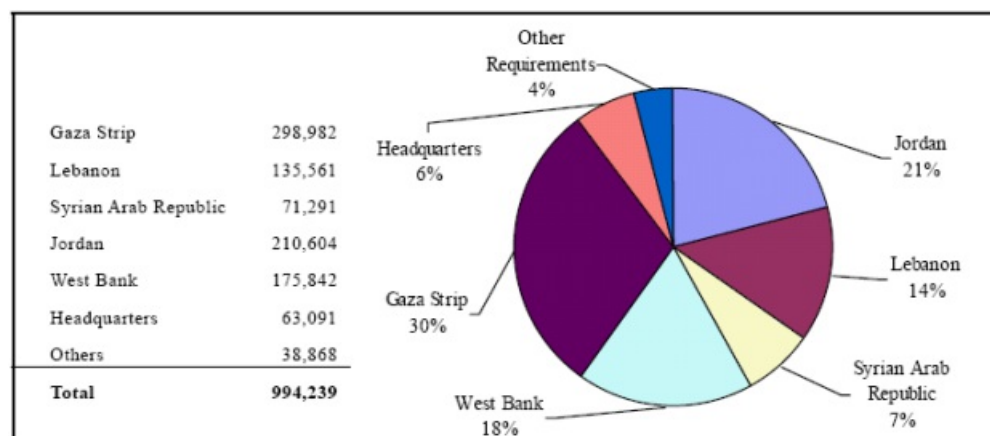


Figure 6: 2006-2007 Regular Budget by Field
(In thousands of United States dollars)



1.70 Figure 6 shows the 2006-2007 regular budget by field of operation. Direct allocations for field operations account for 90 per cent of the regular budget. Taking into account the allocation of the requirements of salary increases to the fields, the percentage rises to 94 per cent. Headquarters costs represent seven per cent of expenditure. The distribution of expenditure across fields does not reflect any substantive difference in services, but rather variations in the clientele population, US dollar exchange rates, and costs within the areas of operation as well as differing levels of service provision by host authorities.

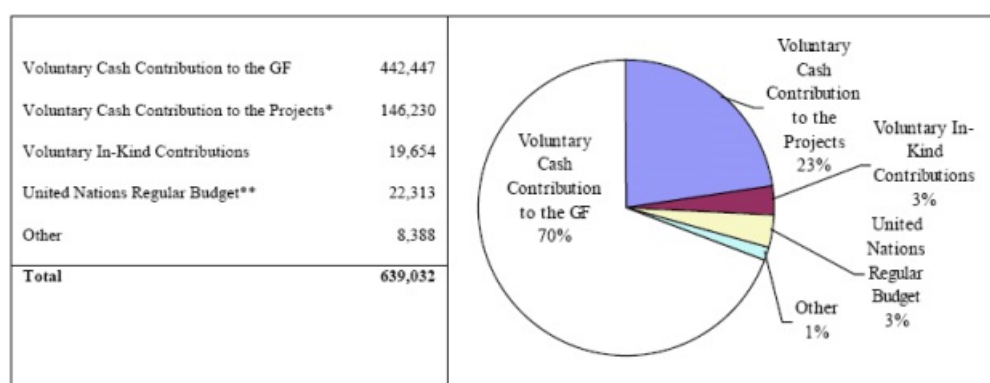
SOURCES OF FUNDING

1.71 For the past decade, UNRWA has been caught in a dilemma of whether to base its budget on the total needs of the clientele population in accordance with its mandate or, in view of successive funding shortfalls during past years, to present a budget which might realistically be funded. This biennium the Agency has adopted a “needs based approach” to budgeting rather than a “finance constrained approach” to present to donors what is required not only to halt the deterioration in services over the past decade, but also to address the objectives of the MTP.

1.72 Although UNRWA prepares its budget on a biennial basis, operations are financed on an annual basis. As the fiscal year rather than the biennium is the most relevant for financial management and fundraising, annual as well as biennial figures are listed throughout the document.

1.73 The ability of the Agency to provide its regular services to a clientele population that grows at approximately 2.5 per cent per annum is entirely dependent on sufficient voluntary funding being made available to it annually. The Agency is also dependent on additional funding earmarked for project budget and emergency operations. Figures 9 and 10 below show the expected sources of funding of the Agency's total budget volume for the years 2006 and 2007 respectively, including both the regular and projects budgets.

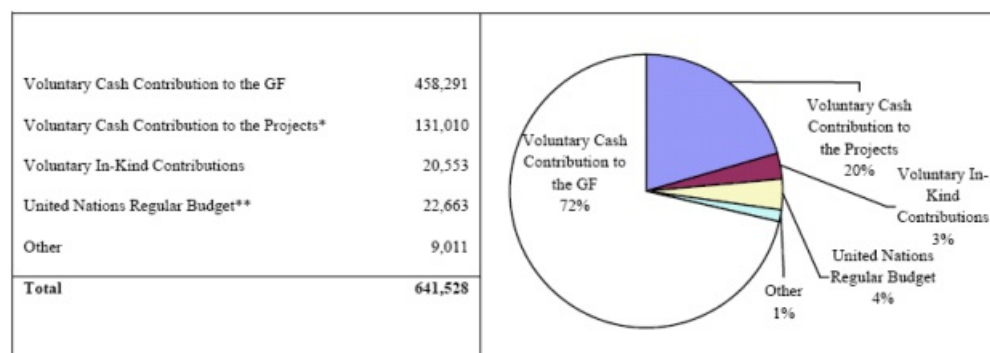
Figure 7: Funding of Total Budget - 2006
(In thousands of United States dollars)



* Excluding MMP and MCSP recurrent costs of \$4.3 million which are funded by the operations of the programme itself.

** Includes \$2.8 million each year for 18 international posts not yet covered from UN regular budget.

Figure 8: Funding of Total Budget - 2007
(In thousands of United States dollars)



* Excluding MMP and MCSP recurrent costs of \$4.8 million which are funded by the operations of the programme itself.

** Includes \$2.8 million each year for 18 international posts not yet covered from UN regular budget.

1.74 As UNRWA does not have a system of assessed contributions, its budget is funded almost entirely by voluntary cash and in-kind contributions from governments, inter-governmental and non-governmental bodies. Voluntary contributions are expected to cover about 95 per cent of total budget volume for 2006-2007, of which 72 per cent are cash contributions to the GF, 20 per cent cash contributions to projects, and about three per cent are in-kind contributions.

1.75 The funding of 113 international posts out of the United Nations regular budget accounts for about four per cent each year of total budget volume. The remaining one per cent of expected income is from the following sources:

- Other income includes interest income and miscellaneous income in the range of \$3 million per annum.
- Income of \$4.3 million in 2006 and \$4.8 million in 2007 for MMP and MCSP from credit activities covers the programmes' recurrent costs making them self-funding.
- Funding of eight staff posts (two international and six area posts) by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and four posts (two international and two area posts) by the World Health Organization (WHO) as part of their technical assistance to the Education and Health programmes, respectively (\$1.2 million per annum).

UNRWA PROGRAMMES

Chapter II Education programme

OVERVIEW

1.76 Education is the Agency's largest programme, measured both in terms of its relative share of the Agency's budget and the number of staff. The programme includes general education, teacher education and technical vocational education and training for Palestine refugee children and youth, in accordance with their needs, identity and cultural heritage. It does so within the framework of the prescribed curricula of the host authorities and in conformity with the standards of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The General Education sub-programme, currently employing 16,416 teaching staff, covers general education (elementary and preparatory education in all its areas of operation and secondary education in Lebanon) for 493,246 eligible refugee children in 659 UNRWA schools. As a result of natural growth among the Palestine refugee communities the school population is expected to increase by one per cent to some 496,822 by the end of school year 2006-2007. The Technical and Vocational Education and Training sub-programme currently provides 5,223 vocational and technical/semi-professional training places in eight training centres (two in Jordan, three in the West Bank and one each in Lebanon, the Syrian Arab Republic and the Gaza Strip). The Teacher Education sub-programme is designed to meet the requirement of the Government of Jordan and the Palestinian Authority that teachers in the basic education cycle possess four year first level university degrees. The pre-service teacher training in this sub-programme leads to a four year university degree. Through its fourth sub-programme, Placement and Career Guidance, the Agency helps Palestine refugees who graduate from its training centres and other institutions to secure suitable jobs, whether locally or in neighbouring countries. Counselling and career guidance are also provided for Palestine refugee students to help them in selecting an appropriate vocation. The Agency will continue its efforts to improve the quality of teaching, training and staff development, and will rely on UNESCO for technical expertise and support.

GOAL

1.77 The goal of the Education Programme is to provide Palestine Refugee children and youth with learning opportunities to acquire knowledge, life skills, experiences and values in partnership with host authorities, local communities and other UN agencies within the context of a multicultural society, with special regard to gender equity, human rights, tolerance, conflict resolution and the Convention on the Rights of the Child (CRC).

OBJECTIVES

1.78 To provide and improve access to quality education and learning opportunities, in line with host authorities' education systems, for Palestine refugee children

and youth at the basic level. The Agency also provides secondary level education in the Lebanon field.

1.79 To provide, improve and optimize vocational and technical education for young Palestine refugees to enhance their opportunities for employment and economic independence.

1.80 To provide, improve and optimize pre-service teacher education to increase the pool of qualified teachers for prospective recruitment as UNRWA teaching staff.

1.81 To enhance capacity building for technical and administrative education staff at all levels in line with School as a Focus for Development (SFD), Management Development and Quality Assurance Framework.

1.82 To ensure equity and equality of access to quality learning for children with special educational needs.

1.83 To foster and promote amongst teaching staff and students the awareness and understanding of human rights, conflict resolution and tolerance.

1.84 To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills based education within systems-wide strategies.

PROGRAMME OUTPUTS

1.85 The proportion of Palestine female student refugees in the basic education cycle will have increased to 51 per cent.

1.86 5,300 Palestine refugee children will have benefited from secondary education in Lebanon field.

1.87 The occupancy rate for grades 1-5 will have been reduced to an average of 40 students per class section.

1.88 The student : teacher ratio in the elementary cycle will have been reduced to 32 : 1.

1.89 The student : teacher ratio in the preparatory cycle will have been reduced to 25 : 1.

1.90 The repetition rate will have been reduced to an average of 3.77 per cent in the elementary cycle and 5.9 per cent in the preparatory cycle.

1.91 10 per cent of students will have undertaken the Monitoring Students' Achievement Tests in the subjects of science, mathematics and Arabic Language (for grades 5, 6 and 7).

1.92 100 per cent of UNRWA schools will have implemented the Quality Assurance System.

1.93 300 additional Palestine refugee youth will have been enrolled in vocational education and training.

1.94 79 per cent employment rate of vocational training centres (VTCs) graduates will have been achieved.

1.95 665 enterprises will have been working with placement and career guidance services.

1.96 350 enterprises will have been involved in the on-the-job training scheme.

1.97 60 additional training places at Education Science Faculties (ESFs) will have been provided.

1.98 50,000 children with learning difficulties will have been provided with remedial education.

1.99 All UNRWA schools will have established human rights school committees.

1.100 The drop-out rate will have been reduced to an average of 0.38 per cent in the elementary cycle and 2.48 per cent in the preparatory cycle.

1.101 100 per cent of the new curricula/textbooks prescribed by the host authorities will have been implemented.

1.102 96 per cent pass rate of UNRWA students in National Examinations in the Syrian Arab Republic (SAR) will have been maintained and 55 per cent pass rates in Lebanon (LEB) will have been achieved.

1.103 70 per cent of school pupils and 50 per cent of VTC and ESF students will have received instruction in human rights, conflict resolution and tolerance.

1.104 70 per cent of teachers will have received training in the areas of human rights, conflict resolution and tolerance, and 100 educational materials on these subject areas will have been produced and distributed.

1.105 80 per cent of technical and administrative staff will have been trained in managerial skills.

1.106 65 per cent of UNRWA school students will have received career guidance and counselling.

1.107 For a number of cross-cutting areas such as disability support, psychosocial support, health education and CRC, internal multidisciplinary teams will have been established among Education, Health and Relief and Social Services Programmes.

STRUCTURE

1.108 The structure of the Education Programme is as follows:

(a) School Development

Elementary and Preparatory Education

Secondary Education (Lebanon)

(b) Technical and Vocational Education and Training

Placement and Career Guidance

Vocational and Technical Education

(c) Institute of Education

Pre-Service

In-Service

(d) Education Planning and Management

Programme Management

FINANCIAL RESOURCES**Table 14: Education Programme Resource Requirements by Activity**
(Cash and In-kind, in thousands of United States dollars)

| | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Variance % |
|---|--------------------------|----------------------------|-----------------------|---------------|
| School Development | | | | |
| Elementary Education | 194,390 | 206,074 | 255,064 | 23.8 |
| Preparatory Education | 122,548 | 148,850 | 203,959 | 37.0 |
| Secondary Education (Lebanon) | 2,885 | 3,771 | 6,949 | 84.2 |
| Sub-total | 319,823 | 358,695 | 465,972 | 29.9 |
| Technical and Vocational Education and Training | | | | |
| Placement and Career Guidance | 143 | 170 | 173 | 1.8 |
| Technical & Vocational Education | 26,243 | 34,096 | 58,167 | 70.6 |
| Sub-total | 26,386 | 34,266 | 58,340 | 70.3 |
| Institute of Education | | | | |
| Pre-Service Teacher Education | 1,877 | 2,048 | 3,290 | 60.6 |
| In-Service Teacher Education | 1,635 | 1,493 | 3,625 | 142.8 |
| Sub-total | 3,512 | 3,541 | 6,915 | 95.3 |
| Education Planning & Management | | | | |
| Programme Management | 10,371 | 13,432 | 17,455 | 30.0 |
| Sub-total | 10,371 | 13,432 | 17,455 | 30.0 |
| Total Programme | 360,132 | 409,934 | 548,682 | 33.8 |
| Other Requirements | | | | |
| Additional International Staff | | | 346 | 100 |
| Working Capital Requirements / Field Operational Reserve | | | 674 | 100 |
| Sub-total | | | 1,020 | 100 |
| Total Regular Budget | 360,132 | 409,934 | 549,702 | 34.1 |
| Total Project Budget | 14,811 | 42,469 | 67,115 | 58.0 |

Chapter III**Health programme****OVERVIEW**

1.109 The Agency's second largest programme is health. The foundation of UNRWA health care is its network of 125 primary health care facilities. Programme activities are focused on comprehensive primary health care, comprising essential medical care services, child health care, expanded maternal health and family planning and control of communicable and non-communicable diseases supported by assistance towards secondary care. The programme also provides environmental health services in camps and food aid to vulnerable groups. UNRWA is committed to the achievement of World Health Organisation strategies and targets for the eradication/elimination of vaccine-preventable diseases including polio, neonatal tetanus and measles as well as control of tuberculosis and HIV/AIDS. Ongoing programmes to rehabilitate and upgrade health infrastructure at the primary level and to improve environmental health conditions in refugee camps will continue to receive high priority. Sewage disposal, management of storm-water run-off, provision of safe drinking water, collection and disposal of refuse and control of rodents and insects will continue to be provided to some 1.3 million registered refugees living in camps. The current disparities in resource allocations among fields will be reduced and cost-efficiency measures such as cost sharing in hospitalisation expenses, which were implemented to make optimal use of the limited financial and human resources, will be maintained.

GOAL

1.110 The goal of the Health Programme is to protect, preserve and promote the health status of the registered Palestine refugees within the Agency's five areas of operations and to meet their basic health needs within the available means, consistent with the humanitarian policies of the United Nations as well as with the basic concepts, principles and strategic approaches of the World Health Organization (WHO).

OBJECTIVES

1.111 To preserve the sustainable investment achieved in women's and children's health and attain further progress in reduction of infant, child and maternal mortality through an integrated primary health care approach consistent with the health-related Millennium Development Goals (MDGs) as well as with the standards set out in the Convention on the Rights of the Child (CRC).

1.112 To address the burden of death and disability caused by the emerging epidemic of non-communicable diseases, particularly diabetes mellitus and cardiovascular diseases, while simultaneously combating major infections which survived the 20th century, such as tuberculosis.

1.113 To improve access of the disadvantaged and under-served refugee population to health care by rehabilitation, upgrading and expansion of primary health care facilities, based on careful mapping of the services of other health care providers.

1.114 To address the increased burden of mental and psychological problems among the refugee population by development of multidisciplinary community-based programmes focusing on prevention and targeting at-risk groups.

1.115 To improve access of refugee population to essential hospital services by implementing affordable and equitable hospitalization policies, adjusting the imbalance in financial allocations among fields and achieving cost-efficiency gains by rationalization of referral practices.

1.116 To improve environmental health conditions in refugee camps by implementing developmental projects to upgrade camp infrastructure of water, sewerage, drainage and solid waste management systems and integrating these systems within the municipal/regional schemes of the host authorities.

1.117 To enhance the planning and evaluation capacity of the health care system, by improving methods of data collection and analysis and upgrading the skills and capabilities of health personnel in use of evidence-based information, including use of IT, for improved management and response.

1.118 To contribute to the process of establishing system-wide programmes addressing gender mainstreaming, child disabilities, psychosocial health and life-skills based education within system-wide strategies.

1.119 To prevent breakdowns in service delivery, and quality in fields under crisis situations by responding to the emerging health challenges while ensuring the sustainability of long-term intervention strategies.

PROGRAMME OUTPUTS

1.120 Over 19 million refugee out-patient visits will have been made to Agency clinics for medical consultations in the treatment of acute and chronic morbidity conditions.

1.121 90,000 pregnant women will have received ante-natal care; been screened for anaemia and received iron and vitamin supplements and a similar number of women will have had at least one post-natal visit within the first six weeks after delivery.

1.122 More than 100,000 family planning clients will have been monitored, counselled and issued modern contraceptives.

1.123 160,000 children below two years of age will have been fully immunized for primary and booster series of vaccines.

1.124 240,000 children below three years of age will have been monitored for growth and development, screened for anaemia and anaemic children treated.

1.125 More than 130,000 patients will have been assessed, followed up and treated for noncommunicable diseases such as cardiovascular diseases and diabetes within the framework of a preventive and control strategy addressing major risk factors.

1.126 55,000 school entrants will have been thoroughly examined and immunized against vaccine-preventable diseases and another 400,000 will have been screened for morbidity conditions with special emphasis on disabilities that are amenable to management such as vision and hearing defects.

1.127 60,000 patients suffering from acute and other life-threatening conditions that can not be managed at the primary health care level will have been treated at contracted hospitals or through reimbursement schemes.

1.128 600,000 refugees will have been treated for dental and periodontal problems each year and more than 200,000 children and pregnant women will have been screened for detection of dental caries.

1.129 Eight water, sewerage and drainage systems in refugee camps in the Gaza Strip, Lebanon and the Syrian Arab Republic will have been implemented through project funds and further progress will have been achieved in mechanization of solid waste management in 41 refugee camps Agency-wide.

1.130 100,000 pregnant women and nursing mothers will have been made more food secure by receiving food rations as early as possible after confirmation of the pregnancy status and for 6 months post delivery.

1.131 10 self-evaluations/surveys will have been carried out to assess system performance and outcomes of care.

1.132 The new computerized health management information system and the drug supply management system will have been established at all primary health care

facilities with links to Field Offices and Headquarters.

1.133 Four multi-disciplinary activities addressing gender-equality, life skills education, psychosocial support and child disabilities will have been streamlined within UNRWA programmes, i.e., education, health and social services in the context of the United Nations MDGs and CRC.

1.134 Partnerships for health will have been enhanced with major stakeholders including UN specialized organizations, public health departments of host authorities, local and intergovernmental organizations and research institutions for streamlining strategies, aligning practical aspects of health policy and enhancing programme analysis and evaluation capacity.

1.135 4,000 staff-days of in-service training will have been undertaken each year for the various medical, nursing and support personnel to upgrade their knowledge and skill on implementation of the technical guidelines and approved intervention strategies and post-graduate training opportunities in public health will have been provided to 20 staff to upgrade their managerial capabilities.

1.136 Detailed planned activities will have been prepared for improving system performance through 10 global meetings of programme managers at Headquarters and the Fields and their implementation will have been followed-up through appropriate tracking systems.

STRUCTURE

1.137 The structure of the Health Programme is as follows:

(a) Medical Care Services

Laboratory Services
Outpatient Services
Maternal and Child Health
Disease Prevention and Control
Physical Rehabilitation
Oral Health
School Health
Hospital Services

(b) Environmental Health

Sewerage and Drainage
Solid Waste Management
Water Supply
Special Environmental Health Programme (the Gaza Strip)

(c) Supplementary Feeding

d. Programme Management

FINANCIAL RESOURCES

Table 15: Health Programme Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

| | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimates | Variance % |
|------------------------------------|--------------------------|----------------------------|------------------------|---------------|
| Medical Care Services | | | | |
| Laboratory Services | 3,584 | 4,392 | 6,565 | 49.5 |
| Out-patient Services | 38,943 | 50,237 | 63,848 | 27.1 |
| Maternal & Child Health | 4,645 | 5,433 | 6,345 | 16.8 |
| Disease Prevention & Control | 6,455 | 9,998 | 12,918 | 29.2 |
| Physical Rehabilitation | 1,228 | 1,678 | 1,996 | 19.0 |
| Oral Health | 3,671 | 4,078 | 6,897 | 69.1 |
| School Health | 838 | 965 | 1,139 | 18.0 |
| Hospital Services | 19,093 | 24,753 | 34,152 | 38.0 |
| Psychosocial Support Prog. | | 3,292 | 6,958 | 111.4 |
| Sub-total | 78,457 | 104,826 | 140,818 | 34.3 |
| Environmental Health | | | | |
| Sewerage & Drainage | 184 | 234 | 3,868 | 1,553 |
| Solid Waste Management | 14,445 | 18,607 | 22,396 | 20.4 |
| Water Supply | 894 | 1,890 | 1,869 | (1.1) |
| Special Environmental Health Prog. | 288 | 775 | 1,345 | 73.5 |
| Sub-total | 15,811 | 21,506 | 29,477 | 37.1 |
| Supplementary Feeding | 5,516 | 5,504 | 8,013 | 45.6 |
| Programme Management | 5,555 | 7,010 | 8,254 | 17.7 |
| Total Programme | 105,338 | 138,846 | 186,562 | 34.4 |
| Other Requirements | | | | |
| Additional International Staff | 0 | 0 | 346 | 346 |
| Field Operational Reserve | 0 | 0 | 90 | 90 |
| Sub-total | 0 | 0 | 436 | 436 |
| Total Regular Budget | 105,338 | 138,846 | 186,998 | 34.7 |
| Total Project Budget | 13,307 | 13,026 | 51,675 | 296.7 |

Chapter IV

Relief and social services programme

OVERVIEW

1.138 The Agency also offers a range of relief and social services. These services are provided to eligible refugees, whether they live in camps, towns, villages or remote areas, and include food support, shelter rehabilitation, and selective cash assistance, which are delivered to special hardship cases, that is, refugee families that are unable to meet their basic needs. As at the end of March 2005, a total of 247,197 persons (61,835 families) were benefiting from the cyclical assistance under the Special Hardship programme. The Income-generation and community development services promote self-reliance among less advantaged members of the refugee community, in particular women, youth and the physically and mentally disabled. Eligibility for services is determined by the Registration sub-programme. In emergency situations, assistance will be extended to affected communities (refugees and non-refugees) as a temporary measure and as donor support allows.

GOAL

1.139 The goal of the Relief and Social Services Programme (RSSP) is to provide the most disadvantaged Palestine refugees with humanitarian assistance, and to promote the self-reliance of less advantaged members of the refugee community, especially women, the aged, children, youth and persons with disabilities.

OBJECTIVES

1.140 To alleviate poverty among the most vulnerable within the Palestine refugee community by linking short-term relief to longer term development needs, through a needs-based approach which addresses actual needs while emphasizing equality of opportunity and the right to basic human development.

1.141 To ease the immediate plight of the poorest eligible refugee families through basic subsistence support with a gradual closing of the gap in safety net provisions between those of the host authorities and UNRWA.

| Annual cash payments to Special Hardship Cases | | |
|--|------------------------|-------------------------|
| Host Authority and UNRWA comparative data 2004 | | |
| Host Authority | 1 person family USD | 5 person family* USD |
| PA (WB & Gaza) | 300 | 912 |
| Jordan | 444 | 2,196 |
| SAR and Lebanon | Not available | |
| UNRWA | 110 | 540 |

*Average SHC family size 2004

1.142 To promote and facilitate community-based action through community-based organizations (CBOs) which create social, cultural, economic or educational opportunities and provide services for women, the aged, children, youth and persons with disabilities, and their families.

1.143 To promote the institutional capacity of community-based organizations through training and technical assistance to enhance refugee participation in the formulation and implementation of social services for vulnerable groups in their communities.

1.144 To improve the efficiency and effectiveness of service delivery to Special Hardship Case (SHC) families through reduction in social worker case loads, systematic in-service training and the improvement of overall working conditions.

1.145 To improve the quality of the Microcredit Community Support Programme, and enhance opportunities for economic inclusion through skills training and increased access to diversified loan products.

1.146 To provide shelter to families who have lost their homes or who live in sub-standard housing as a result of chronic poverty, as assessed by each field.

1.147 To assist families with small-scale emergency needs during a family-specific economic or humanitarian crisis through selective cash assistance based on actual needs.

1.148. To computerize the records of 4.8 million registered refugees on new web-based information technology and create integrated refugee data from all Agency programmes.

PROGRAMME OUTPUTS

1.149 Special hardship assistance for 281,000 persons will have been implemented, using a generalist social work approach and a needs-based policy orientation. Monitoring will have been conducted through regular home visits by 350 social workers and ongoing supervision of senior field management.

1.150 2,000,000 food packages will have been distributed.

1.151 The management skills of 791 committee members managing refugee-administered community based centres will have been upgraded to improve the efficacy of credit operations thereby promoting self-reliance among refugees.

1.152 Emergency measures will have been implemented, as required, including food distribution, post-injury assistance to the disabled, shelter reconstruction, repair or adaptation of shelters including access for the disabled, counselling/referral services, emergency cash assistance for temporary housing of homeless families and other household needs.

1.153 Families faced with sudden emergency or crisis situations will have been provided with one-time selective cash assistance directed at meeting their basic humanitarian needs.

1.154 Registration procedures will have been improved as UNRWA will track individual as well as family records and integrate 16 million family file documents from Agency programmes.

1.155 25 per cent of shelters identified as being in need of rehabilitation will have been reconstructed or repaired.

1.156 102 facilities which encourage self-reliance amongst the most vulnerable in the community will have been provided with technical support.

1.157 A new data system will have been introduced jointly with CBOs to enhance planning, implementation, monitoring and evaluation of all centres' activities/operations.

1.158 Gender and disability mainstreaming policies will have been implemented.

1.159 90,000 refugee women will have been empowered through awareness raising, skills training, legal counseling activities and credit provision.

1.160 25,000 refugees with disabilities will have been served by Community Rehabilitation Centres utilizing the Community Based Rehabilitation approach.

1.161 60,000 children and youth will have participated in activities organized by CBOs and which are consistent with the Convention on the Rights of the Child (CRC).

1.162 20,000 individuals and their families will have benefited from microcredit loan products.

1.163 350 RSSP staff will have been certified in generalist social work methodologies by an internationally recognized university.

1.164 10 technical training workshops will have been provided to Relief and Social Services management staff.

STRUCTURE

1.165 The structure of the Relief and Social Services Programme is as follows:

(a) Relief Services

Food Support
Shelter Rehabilitation
Selective Cash Assistance

(b) Eligibility and Registration

(c) Social Services

Community Development
Women's Programme
Disability Programme
Children and Youth Programme
Micro-credit Community Support Programme

(d) Programme Management

FINANCIAL RESOURCES

Table 16: Relief and Social Services Programme Resource Requirements by Activity
(Cash and In-Kind, in thousands of United States dollars)

| | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Variance % |
|--------------------------------------|--------------------------|----------------------------|-----------------------|---------------|
| Relief Services | 47,110 | 54,095 | 68,761 | 27.1 |
| Eligibility and Registration | 2,310 | 2,505 | 3,231 | 29.0 |
| Social Services | | | | |
| Community Development Programme | 808 | 1,312 | 1,660 | 26.5 |
| Women's Programme | 1,099 | 1,202 | 1,675 | 39.4 |
| Disability Programme | 1,797 | 2,187 | 2,906 | 32.9 |
| Children and Youth Programme | 244 | 194 | 185 | (4.6) |
| Micro-Credit Community Support Prog. | 1,081 | 2,017 | 2,699 | 33.8 |
| Sub-Total | 5,029 | 6,912 | 9,125 | 30.7 |
| Programme Management | 2,550 | 4,326 | 4,809 | 11.2 |
| Total Programme | 56,999 | 67,838 | 85,926 | 26.7 |
| Other Requirements | | | 774 | 100.0 |
| Total Regular Budget | 56,999 | 67,838 | 86,700 | 27.8 |
| Total Project Budget | 5,964 | 22,920 | 9,674 | (57.8) |

Chapter V

Microfinance and microenterprise programme

OVERVIEW

1.166 The Agency's Microfinance and Microenterprise Programme (MMP) serves Palestine refugees and other marginal groups to help them mitigate poverty, improve their lives and build business activity. It supports the development of the microenterprise and small-scale business sector by providing working capital and capital investment loan products. Also, direct financial support is given to refugee households through consumer lending and housing development loans. The programme operates through a network of branch offices in the West bank, Gaza Strip, Jordan and the Syrian Arab Republic that are self-sustaining through the generation of income required to meet branch operating costs. An integral part of the programme is a commitment to mainstreaming women in its credit activities through its specialised solidarity group lending product, which encourages the economic self-reliance of women, especially those working in the informal sector. Finally, the programme runs a very efficient and cost-effective small and microenterprise training programme in the Gaza Strip, which contributes to the promotion of entrepreneurship and the improvement of business skills in the local enterprise community.

GOAL

1.167 The goal of the Microfinance and Microenterprise Programme (MMP) is to promote economic development and alleviate poverty. This is achieved through the provision of credit for enterprise, household consumption and housing needs that will improve the quality of life of householders, small business owners and microentrepreneurs, sustain jobs, decrease unemployment, reduce poverty, empower women and provide income-generating opportunities for Palestine refugees and other proximate poor and marginal groups.

OBJECTIVES

1.168 To provide enterprise, consumer and housing credit on a scale that is large enough to have significant and measurable impact on the lives of the poorest.

1.169 To provide operationally self-sufficient and sustainable credit in a cost-effective manner through targeting financial services in poorer urban areas with a high concentration of commercial, service and industrial businesses. Areas will be selected primarily on the basis of having highly localised density of Palestine refugees.

1.170 To develop and expand the programme through adhering to international standards of outreach and efficiency so that the programme can be benchmarked and assessed against other practitioner institutions. The programme strives to achieve the best practices of the emerging microfinance industry through its participation in local and regional microfinance networks by adopting the standards and practices established for the industry by such institutions as the Consultative Group to Assist the Poorest, the United States Agency for International Development, the Microfinance Network, Sanabel, Calmeadow Foundation and Accion International.

1.171 To meet the emerging standards for business training and business development services (BDS), where all the direct costs of training are met from participation fees and only the overhead and administrative costs are subsidised from donor contributions.

PROGRAMME OUTPUTS

1.172 Six additional branch offices will have been opened during the biennium, two each in West Bank, Jordan and the Syrian Arab Republic; to expand product outreach and development.

1.173 124,000 loans worth US\$150 million will have been disbursed during the 2006-2007 biennium.

1.174 A pilot scheme of the new housing loans product will have been implemented in the Gaza Strip in 2005. Housing loans will also have been introduced in the West Bank in 2006 followed by Jordan and the Syrian Arab Republic in 2007.

1.175 The regional outreach of the consumer lending in the West Bank and the Gaza Strip will have been extended to Jordan and the Syrian Arab Republic in 2007.

1.176 Capacity building and human resource development will have been increased in Jordan and the Syrian Arab Republic through the extension of the in-house training programme developed in the West Bank and the Gaza Strip into these fields.

1.177 Centralised on-line loan management information system will have been developed to international standards and customised to meet the different product methodologies, and financial and operational reporting requirements of the programme. This will result in improved and real-time information flow, better internal controls, streamlined business processes and improved management reporting.

1.178 The small business and microenterprise training programme will have been maintained at the same level of activity achieved during previous years.

STRUCTURE

1.179 The structure of the Microfinance and Microenterprise Programme is as follows:

- (a) Microenterprise Credit (MEC)
- (b) Solidarity Group Lending (SGL)
- (c) Small-Scale Enterprise (SSE)
- (d) Consumer Lending (CLP)
- (e) Housing Loan
- (f) Small and Microenterprise Training (SMET) (Gaza Strip only)
- (g) Programme Management

FINANCIAL RESOURCES

Table 17: MMP Programme Resource Requirements by Activity
(In thousands of United States dollars)

| | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Variance % |
|---------------------------------|--------------------------|----------------------------|-----------------------|---------------|
| Total Recurrent Projects | 3,879 | 7,477 | 8,926 | 19.4 |
| Total Unfunded Projects | 208 | 7,512 | 22,755 | 202.9 |

Chapter VI

Operational and technical programme services

OVERVIEW

1.180 The mission of the Operational Technical Services Department (OTSD) is to sustain customers' service through creating synergy in the functions of the Agency's information systems, procurement, logistics and construction and engineering services, and to direct these services to achieve best value for money thereby contributing to UNRWA's mandate in providing humanitarian assistance to Palestine refugees.

GOAL

1.181 The goal of the Operational Technical Services Department (OTSD) is to support the Agency's main programmes through the provision of integrated operational support services in procurement and logistics, information and communications technology (ICT), engineering and construction guided by comprehensive policies and overall strategy to achieve optimal quality and best value for money in providing humanitarian assistance to Palestine refugees.

OBJECTIVES

1.182 To establish a quality assurance function aimed at enhancing customer satisfaction through effective communication, reliability, timeliness and cost effectiveness of the operational and support services in ICT, procurement and engineering.

1.183 To contribute to the improvement of the living conditions of refugees living in camps by initiating a comprehensive camp development programme.

1.184 To implement further reforms in the areas of procurement and logistics, ICT, construction and engineering to ensure that the provision of services achieves best value for money.

OUTPUTS

1.185 Departmental reforms and improvements will have been consolidated into clear policies and strategies.

1.186 A quality assurance unit and appropriate mechanisms will have been established in OTSD and improvements, reform activities and corrective/preventative action plans will have been measured and evaluated.

1.187 All OTSD staff members will have participated in a professional staff development programme and 27 staff members will have obtained international certificates in procurement practices.

1.188 All tender and contract document templates will have been revised to take into account current technical and legal issues.

1.189 A corporate relations strategy will have been established to maximize benefits to the Agency.

1.190 A comprehensive camp development plan encompassing all relevant Agency activities will have been drawn up.

1.191 Appropriate shelter policies and a re-housing strategy will have been developed articulating a comprehensive approach to camp development.

1.192 Three comprehensive questionnaires will have been developed to measure customer satisfaction with the various services provided by the department.

1.193 All requests for procurement will have been fulfilled according to the required specifications, on-time and within established procurement schedules.

1.194 All insurance services, including contracting for insurance, will have been centralized.

1.195 A system for procurement of goods, services and inventory which is fully integrated with the Agency's existing Enterprise Resources Planning (ERP) will have been implemented Agency-wide.

1.196 All ICT services will have been enhanced through implementation of a clearly defined strategy and implementation plan.

1.197 ICT infrastructure support will have been expanded to cover all programmes' and departments' needs.

STRUCTURE

1.198 The structure of the Operational Technical Services is as follows:

- (a) Procurement and Logistics Services
- (b) Information and Communications Technology Services
- (c) Engineering and Construction Services

Table 18: Operational & Technical Services Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

| | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Variance % |
|------------------------------|--------------------------|----------------------------|-----------------------|---------------|
| Procurement & Logistics | 28,548 | 29,632 | 32,928 | 11.1 |
| Engineering & Construction | 5,882 | 7,705 | 9,683 | 25.7 |
| Information & Communications | 4,050 | 6,823 | 9,353 | 37.1 |
| Camp Development | 0 | 1,588 | 1,977 | 24.5 |
| Management | 297 | 630 | 872 | 38.4 |
| Total Programme | 38,777 | 46,378 | 54,813 | 18.2 |
| Other Requirements | | | 951 | 100.0 |
| Total Regular Budget | 38,777 | 46,378 | 55,674 | 20.2 |
| Total Project Budget | 1,133 | 990 | 126,176 | 12,645 |

Chapter VII

Common services

OVERVIEW

1.199 Common Services provide the appropriate supervision and support required by the Agency and its Programmes.

1.200 Common Services comprises: Commissioner-General's Office, Legal Services, Audit and Inspection, External Relations, Public Information, Policy Analysis, New York and Geneva Liaison Offices, Administration and Human Resources, and Financial Services.

GOAL

1.201 The goal of Common Services is to maintain the functioning of the Agency through sound legal support, cost-effective and efficient management, policy analysis, effective fund-raising and outreach to external interlocutors.

OBJECTIVES

1.202 To provide policy advice to the Commissioner-General and ensure smooth implementation of policy decisions and general cohesion of Agency operations.

1.203 To provide legal advice and support concerning matters of international law, particularly issues involving the privileges and immunities of the Agency and its staff.

1.204 To ensure Agency-wide accountability and transparency.

1.205 To maintain positive and productive relationships with donors and to enhance project management throughout the project cycle.

1.206 To increase awareness and support of the Agency among citizens, governments and non-governmental organizations of donor and host nations as well as the refugee population and Agency staff.

1.207 To provide programme and policy analysis that allows the Agency to respond to changing operational, political and social circumstances.

1.208 To liaise and strengthen cooperation with other UN agencies and participate in intergovernmental fora.

1.209 To maintain and improve human resources services to international and area staff members.

1.210 To effectively manage the Agency's financial resources.

STRUCTURE

1.211 The structure of the Agency's Common Services is as follows:

- (a) Commissioner-General's Office
- (b) Legal Services
- (c) Audit and Inspection
- (d) External Relations
- (e) Public Information
- (f) Policy Analysis
- (g) Administration and Human Resources
- (h) Financial Services

FINANCIAL RESOURCES

Table 19: Common Services Resource Requirements by Activity
(Cash and In-kind, in thousands of United States dollars)

| | 2002-2003 Expenditure | 2004-2005 Appropriation | 2006-2007 Estimate | Variance % |
|---|--------------------------|----------------------------|-----------------------|---------------|
| General Management | | | | |
| Commissioner-General's Office | 4,179 | 5,320 | 6,055 | 13.8 |
| Legal Services | 2,223 | 2,689 | 2,948 | 9.6 |
| Audit and Inspection | 1,475 | 2,115 | 2,367 | 11.9 |
| External Relations | 2,191 | 2,599 | 3,573 | 37.5 |
| Public Information | 1,477 | 2,153 | 2,464 | 14.4 |
| Policy Analysis | 977 | 1,093 | 1,184 | 8.3 |
| Administration & Human Resources | 31,317 | 33,428 | 49,053 | 46.7 |
| Financial Service | 9,552 | 12,440 | 11,744 | (5.6) |
| Programme Support Costs | (12,955) | | | |
| Regular Budget (excluding Reserves) | 40,436 | 61,837 | 79,388 | 28.4 |
| General Reserves | | | | |
| Additional International Staff | | 0 | 3,347 | - |
| Working Capital Requirements / Field Operational Reserve | | 10,000 | 340 | (88.5) |
| Salary Increase Requirements | | 12,000 | 30,000 | (150) |
| Contingency Reserve | | 2,000 | 2,000 | - |
| Sub-Total | | 24,000 | 35,687 | 48.6 |
| Total Regular Budget | 40,436 | 85,837 | 115,075 | 34.0 |
| Total Project Budget | 4,490 | 0 | 0 | - |

STAFF COSTS

Table 20: International Staffing Requirements, 2006-2007

| Post Grade | UN Regular Budget | Other Sources |
|------------------------------------|-------------------|---------------|
| A) Professional & Above | | |
| USG | 1 | 0 |
| ASG | 1 | 0 |
| D2 | 2 | 2 |
| D1 | 12 | 2 |
| P5 | 19 | 3 |
| P4 | 44 | 14 |
| P3 | 21 | 23 |
| P2/P1 | 2 | 17 |
| Sub-total (A) | 102 | 61 |
| B) General Services | 11 | 1 |
| Sub-total (B) | 11 | 1 |
| Total (A+B) | 113 | 62 |

1.212 The 62 posts funded from other sources in Table 20 above include 23 posts funded by project funds, 16 JPOs funded by governments, two posts funded by UNESCO, two posts funded by WHO, one post funded by the MMP, one D-1, one P-5, seven P-4, eight P-3 and one P-2 (total 18 posts) included in respect of the Agency's total requirements for potential funding from the UN regular budget or through earmarked funding.

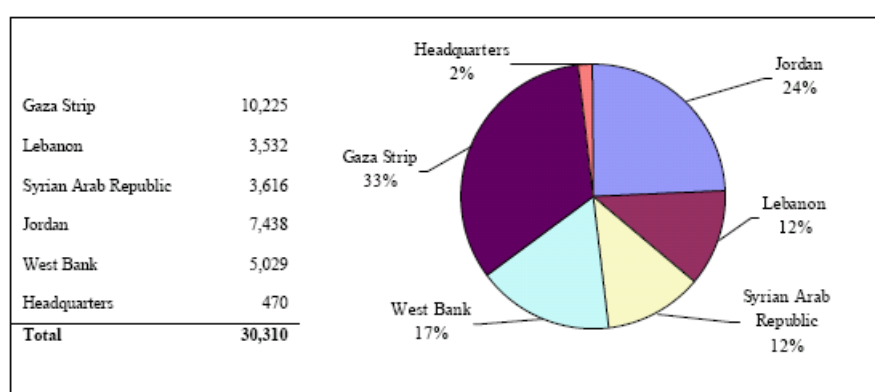
1.213 Through Resolution 3331 B (XXIX) of 17 December 1974, the General Assembly decided that the expenses relating to the emoluments of international staff in the service of UNRWA, which would otherwise have been charged to voluntary contributions, should be provided for under the UN's regular budget with effect from 1 January 1975 for the duration of the Agency's mandate.

1.214 In compliance with the above General Assembly resolution, there will be no recruitment against the 18 additional posts referred to in paragraph 1.212 above unless adequate UN or donor funding is received specifically for them. These are included in the 2006-2007 budget in order to reflect the Agency's total staffing requirements for the biennium.

**Table 21: Estimated Number of Area Staff at 31 December 2007
by Programme and Field**

| Programme | Gaza Strip | Lebanon | Syrian Arab Republic | Jordan | West Bank | Head-quarters | Total |
|----------------------------------|---------------|--------------|----------------------|--------------|--------------|---------------|---------------|
| Education | 7,638 | 2,418 | 2,643 | 5,762 | 3,176 | 84 | 21,721 |
| Health | 1,561 | 601 | 546 | 1,117 | 818 | 14 | 4,657 |
| Relief & Social Services | 259 | 160 | 128 | 248 | 178 | 19 | 992 |
| Microfinance & Microenterprise | 112 | 0 | 13 | 18 | 104 | 0 | 247 |
| Operational & Technical Services | 394 | 171 | 153 | 151 | 230 | 136 | 1,235 |
| Common Services | 261 | 182 | 133 | 142 | 523 | 217 | 1,458 |
| Total | 10,225 | 3,532 | 3,616 | 7,438 | 5,029 | 470 | 30,310 |

Figure 9: Estimated Number of Area Staff at 31 December 2007, by Field



PROJECT BUDGET

1.215 Project funding has accounted for a considerable share of the Agency's income and expenditure in recent years. Projects form an integral part of programme activities and are the means by which a majority of the Agency's capital costs (for example, school construction and upgrading of health centres), as well as the costs related to environmental health improvements and shelter rehabilitation are funded.

1.216 The Project Budget has been prepared according to the Agency's generic priorities for project funding listed below. These generic priorities have equal standing; they have been numbered for referential purpose only.

- a) Expansion, upgrading and major rehabilitation of primary education and health infrastructure;
- b) Maximizing the economic potential and employment opportunities;
- c) Development of camp infrastructure;
- d) Enhancing capacity building including system management;
- e) Achieving parity with the Host Authority standards;
- f) Relieving hardship and providing essential support to vulnerable groups; and
- g) Others, for example construction or upgrading of warehouses.

1.217 The project budget represents the Agency's best estimate at the time of budget preparation of its immediate project funding requirements for the 2006-2007 biennium. During the biennium, the Agency will present donors with proposals of projects contained in the project budget.

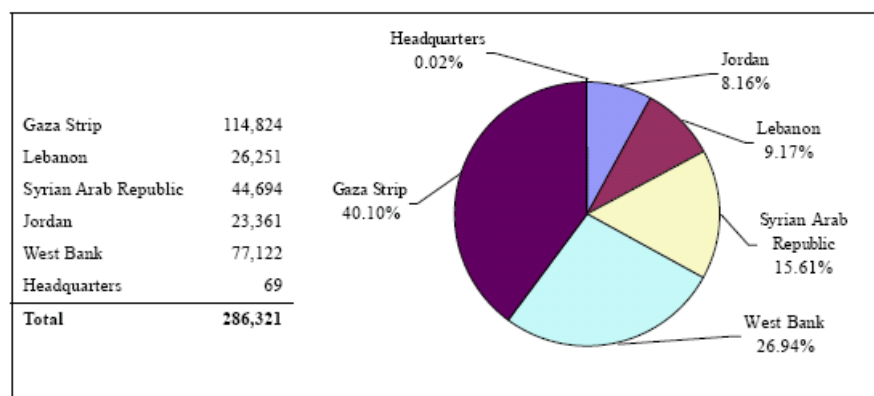
Table 22: Project Budget by Programme
(In thousands of United States dollars)

| | 2006 | 2007 | Total 2006-2007 |
|--|----------------|----------------|--------------------|
| Education | | | |
| General Education | 31,411 | 23,690 | 55,101 |
| Vocational & Technical Education | 1,873 | 2,418 | 4,291 |
| Edu. Dev. Centre | 3,126 | 3,009 | 6,135 |
| Scholarships | 654 | 934 | 1,588 |
| Sub-total | 37,064 | 30,051 | 67,115 |
| Health | | | |
| Medical Care Services | 8,564 | 3,692 | 12,256 |
| Environmental Health | 22,379 | 17,040 | 39,419 |
| Sub-total | 30,943 | 20,732 | 51,675 |
| Relief & Social Services | | | |
| Relief Services | 2,600 | 2,600 | 5,200 |
| Social Services* | 3,377 | 1,097 | 4,474 |
| Sub-total | 5,977 | 3,697 | 9,674 |
| Microfinance & Microenterprise Prog.* | 15,375 | 16,306 | 31,681 |
| Operational & Technical Services | | | |
| Camp Development | 60,354 | 65,069 | 125,423 |
| Others | 753 | | 753 |
| Sub-total | 61,107 | 65,069 | 126,176 |
| Total Project Budget | 150,466 | 135,855 | 286,321 |

* Includes \$4.3 million in 2006 and \$4.8 million in 2007 under project budget funded from Microfinance & Microenterprise Programme (MMP) and Micro-Credit & Savings Programme (MCSP) income.

1.218. Table 22 shows a breakdown of the project budget by programme and Figure 9 shows how this budget is split among the fields. The project budget amounts to \$150,466 million for the year 2006 and \$135,855 million for the year 2007. These amounts represent 22.3 per cent of total budget volume for the biennium. With the exception of MMP, a self-funded project for which recurrent costs amount to \$9.1 million for the biennium, the project budget represents unfunded activities.

Figure 10: Project Budget by Field
(In thousands of United States dollars)



PROGRAMME BUDGET FOR THE BIENNIUM 2006-2007

1.219 For further details relating to UNRWA's activities and programmes reference should be made to UNRWA's Programme Budget Document for the Biennium 2006-2007.