



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 08.07.1999
COM(1999) 334 final

99/0143 (CNS)

Proposal for a

COUNCIL DECISION

**approving the text of a 10th EC-UNRWA Convention covering the years 1999-2001,
prior to the signature of the Convention by the Commission and the United Nations
Relief and Works Agency for Palestine Refugees in the Near East**

(presented by the Commission)

SUMMARY

The Commission proposes that the Council approve, after consultation of the Parliament, the text of a tenth EC-UNRWA Convention covering the years 1999-2001, and authorise the Commission to sign it on behalf of the EC.

The Convention would set out in advance the EC contribution over this period to the regular budget of the Agency, and allow for the annual setting of the Community contribution to its food aid budget according to annual discussions between officials of the respective organisations and the annually determined needs of the refugee population.

The Convention would allow, if necessary, that the contributions otherwise fixed under the Convention be modified through an exchange of letter between the two parties during the life of the Convention.

The Convention would stipulate that by the end of 2000, political developments regarding the refugees will be reviewed by the parties and, an evaluation made of any plans UNRWA has formulated, and, if this is the case, put into effect for the eventual hand-over of any or all of its functions to the Palestinian Authority and/or any other body.

The proposal contains an explanatory memorandum with a breakdown of likely costs, together with the action proposed.

EXPLANATORY MEMORANDUM

The Commission has taken up contact with officials of UNRWA in order to negotiate a tenth EC-UNRWA convention to govern the Community contribution to UNRWA for the years 1999-2001, on the basis of the negotiating directives approved by the Council on 9 November 1998.

I. POLITICAL BACKGROUND

The European Union position on the Middle East Peace Process has been one of the supporting efforts of the parties to reach a peaceful resolution of their differences by means of bilateral and multilateral negotiations. Fundamental in this strategy has been to reassure the Palestinian side that the international community believes that the Peace Agreements between the Israelis and the Palestinians should be fully respected, and that the refugee issue should not be put to one side during final status negotiations.

The continuing support of the Community for the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is a key element in this strategy.

According to the peace accords, the parties were supposed to have negotiated final status-issues by 4th May 1999. Until now, however, these talks, *i.a.* as regards the refugee-issue, have not yet even been initiated.

Throughout negotiations of the Convention, the Commission has borne in mind the support amongst donors, including member states, that donor contributions to UNRWA should take into account the increased burdens placed on the Agency by the rate of increase in the Palestinian population, and of inflation. The Community contribution should at any rate be maintained at a minimum consistent with the maintenance of provision to the refugees of services at reasonable levels. Notwithstanding, the Commission has required justification by UNRWA of the increases proposed to the Community contribution to its programmes, in relation to contributions made under the ninth Convention.

II. GENERAL COVERAGE OF THE CONVENTION

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

- set out the contribution to the regular (education- and health services) programmes budget for the forthcoming three year period; and

¹ ECC-UNRWA Convention 1972-74, OJ N° L 304 of 31.12.1972, p. 24
ECC-UNRWA Convention 1975-78, OJ N° L 203 of 28.07.1976, p. 40
ECC-UNRWA Convention 1979-80, OJ N° L 108 of 26.04.1980, p. 56
ECC-UNRWA Convention 1981-83, OJ N° L 392 of 31.12.1981, pp. 3-6
ECC-UNRWA Convention 1984-86, OJ N° L 188 of 16.07.1984, pp. 18-19
ECC-UNRWA Convention 1987-89, OJ N° L 136 of 26.05.1987, p. 43
ECC-UNRWA Convention 1990-92, OJ N° L 118 of 09.05.1990, p. 36
ECC-UNRWA Convention 1993-95, OJ N° L 9/16 of 13.01.1994
EC-UNRWA Convention 1996-1998, OJ N° L 282. 01.11.1996, p.69-71.

- Allowed for the annual negotiation of the contribution to the food aid budget.

The proposed appropriations under the new Convention are thus intended as a contribution towards the financing of UNRWA's regular programme for some 3.5 million Palestine refugees in five fields of operation: Jordan, Syria, Lebanon, the West Bank and the Gaza Strip. It would also allow for the annual negotiation of the Community contribution to the food aid programme.

The Commission has nonetheless been conscious, during negotiations, which at some point UNRWA would hand over its functions to the Palestinian Authority, and even other administrations in the region. By the end of 2000, political developments regarding the refugees will be reviewed by the parties, and an evaluation of any plans UNRWA has formulated, and, if this is the case put into effect, for the hand-over. Such a review will enable the Commission to foresee the order of magnitude of the Agency's level of contribution UNRWA may request the Community to make beyond the life of a tenth Convention.

It is therefore possible, if not likely, that UNRWA's financial requirements fall even during the 1999-2001 period. This could be the case, for example, if any of the Agency's functions were during the life of the convention to be handed over, thus reducing UNRWA's recurrent costs. An article has therefore been included in the text to allow for necessary adjustments in the Community contribution under this convention.

III. CONTRIBUTIONS UNDER THE TENTH CONVENTION

UNRWA is requesting a contribution of €120.82 million for the period 1999-2001. This means per year: €38.33 million in 1999, €40.24 million in 2000 and €42.25 million in 2001, to its regular programmes. The regular programmes finances under the general budget include UNRWA's education programme health programme and relief and social services programme. The Community contribution would be made towards the education and health programmes.

The contributions requested by UNRWA to the EC are based on an annual 5% increase of the contributions agreed upon in the ninth Convention. This increase is to compensate costs of population growth and inflation. This principle of indexation of the EC contribution has also governed previous Conventions.

1. Education Programme

Under its Education Programme, UNRWA provides education to over 445,000 pupils in the 649 elementary, preparatory and secondary schools (secondary schools in Lebanon only). UNRWA also provides educational services to over 6,000 trainees at the 8 vocational training centres and the three education science faculties in Jordan, Syria, Lebanon, the West Bank and Gaza. The Education Programme has been developed in close co-ordination with UNESCO. The overall objective of the education programme is to provide, within the framework of the curricula prescribed by the host countries and by the Palestinian Authority, general basic education, teacher education and vocational and technical education for Palestine refugees to enhance their educational opportunities at all levels of the educational system.

The education programme faces many difficulties and budgetary constraints such as double shifts in around 75% of the schools, the need to extend the basic cycle from 9 to 10 years in Gaza/West Bank to be in line with the educational structure adopted by the Palestinian Authority, continuing need for upgrading teaching skills, influx of returnees to Gaza and West Bank etc. The education programme must also cope with an average annual increase in elementary school enrolment of 3.2%, in preparatory enrolment of 1.8% and in secondary enrolment of 8.8%. The reason for this comparatively high rate of increase are the high rates of birth among the refugee population and decreasing drop outs rates, especially in Gaza where children labour market has declined considerably due to the bad economic situation.

Thus the Community contribution for the education programme will amount under this convention to:

- €32,45 million in 1999
- €34,07 million in 2000, and
- €35,77 million in 2001.

2. Health Programme

UNRWA's health programme is community-based, with the emphasis placed on primary health care and with very selective use of hospital services. Primary care is provided through UNRWA's own 122 facilities. Secondary care is provided through contractual arrangements with governmental or non-governmental hospitals or through partial reimbursement of costs of treatment. Two third of the refugee population consist of women of reproduction age and children below 15 years of age, thus making mother and child care, including family planning services, a priority area. Under the ninth Convention, EC funding contributed to the expansion of the family planning programme. The overall strategic approach of the health programme will continue to be focused on preserving the sustainable investment that has been achieved in primary health care, improving the quality of essential health services provided to the Palestinian refugees and streamlining health policies and service standards with those of the host governments and the PA. The specific objectives of the programme include *i.a.* reduction of pregnancy related and maternal mortality, reduction of infant and early child mortality, family planning, protection against communicable diseases, prevention of nutritional deficiencies.

Thus the Community contribution for the health programme will amount under this convention to:

- €5,88 million in 1999
- €6,17 million in 2000, and
- €6,48 million in 2001.

3. Food Aid Programme

UNRWA is requesting that the new Convention allow for the annual negotiation of the Community contribution in kind and cash to UNRWA's food aid programme

IV. CONCLUSION

The Commission therefore proposes that the Council approves, after consultation of the Parliament, the text of the tenth convention with UNRWA and authorises the Commission to sign it on behalf of the EC.

ACTION PROPOSED

The Commission therefore proposes that the Council approves, after consultation of the Parliament, the text of the tenth convention between the European Community and the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the period of 1999-2001 and authorises the Commission to sign it on behalf of the EC.

Proposal for a Council decision approving the text of a 10th EC-UNRWA Convention covering the years 1999-2001, prior to the signature of the Convention by the Commission and the United Nations Relief and Works Agency for Palestine Refugees in the Near East

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ¹

Whereas the Convention concluded with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), approved on 22 October 1996² expired on 31 December 1998;

Whereas the Community assistance to UNRWA forms part of the campaign against poverty in the developing countries and thereby contributes to the sustainable economic and social development of the population concerned and the host countries in which the population lives;

Whereas a new Convention should be concluded with UNRWA so that the Community's aid can continue to be provided as part of a comprehensive programme offering a measure of continuity;

Whereas support of UNRWA operations would be likely to contribute to the attainment of the Community objectives described in the above paragraph;

HAS DECIDED AS FOLLOWS:

Article 1

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

The text of this Convention is attached to this Decision.

Article 2

The execution of the Community programme of food aid to UNRWA shall be governed by the procedure defined in Regulation (EC) No 1292/96³.

Article 3

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

Done at Brussels,

For the Council

The President

¹

² OJ L 282, 01.11.1996, p. 69-71.

³ OJ L 166, 5.7.1996, p.1.

FINANCIAL ANNEX

Relevant articles of the Community budget

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

Food aid: B7-200 (Food aid and support operations), B7-201 (Alternative operations in place of food aid deliveries), B7-202 (Transport, distribution, storage and support operations)

Description of action

Conclusion after negotiations of a new convention between the EC and UNRWA for the Community contribution to UNRWA's regular programmes of education and health, and allowing for annual negotiation of the contribution to the programme of food aid (period 1999 - 2001).

Legal base

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

Financial implications

Regular education and health programmes

UNRWA is requesting support to its regular programmes of health and education of:

- €38.33 million in 1999
- €40.24 million in 2000
- €42.25 million in 2001.

This amounts to a total contribution of **€120.82 million** over the three-year period, representing a year-on-year 5% increase in the Community contribution over the three-year period. These contributions would be charged to Article B7-421 (Aid to the United Nations Relief and Works Agency for Palestine Refugees in the Near East).

Of these amounts, the amounts proposed for the education programme are:

- €32.45 million in 1999
- €34.07 million in 2000
- €35.77 million in 2001.

The amounts proposed for the health programme are:

- €5.88 million in 1999
- €6.17 million in 2000
- €6.48 million in 2001.

Table I

Programme	1999	2000	2001
Education programme	32.45	34.07	35.77
Health programme	5.88	6.17	6.48
TOTAL	38.33	40.24	42.25

Table II

Programme	1996	1997	1998
Education	28	29.4	30.9
Health programme	3.4	3.6	3.8
Other contributions to the health programme (particularly family planning)	2.7	2.3	1.8
TOTAL	34.1	35.3	36.5

Contribution to the food support programme

Under the terms of the Convention, the size and content of the annual contribution to UNRWA for the food support programme will be subject to separate negotiations and will be decided according to the procedure laid down in Regulation (EC) N° 1292/96, and would be charged to Articles B7-200 (Food aid and support operations), B7-201 (Alternative operations in place of food aid deliveries), B7-202 (Transport, distribution, storage and support operations).

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

ARTICLE 1

The European Community (hereinafter referred to as "the Community") hereby concludes this Convention with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (hereinafter referred to as "UNRWA") in order to confirm its commitment to a programme of aid to UNRWA. This funding, extending over a three-year period (1999-2001), shall take the form of cash contributions for use under the UNRWA education and health programmes and contributions in kind or in cash for the use under the UNRWA food aid programme.

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

ARTICLE 2

Community contribution

1. The Community shall pay to UNRWA annually a cash contribution towards the cost of the education and health programmes.

The size of this contribution for the education programme shall be €32,45 million in 1999, €34,07 million in 2000 and €35,77 million in 2001.

The size of this contribution for the general health programme shall be €5,88 million in 1999, €6,17 million in 2000 and €6,48 million in 2001.

2. Taking into account the annual evaluation of the needs of the refugee population, other Community resources can also be mobilised for UNRWA's food aid programme to meet the specific needs of vulnerable groups.

The amounts, quantities and characteristics of the commodities, cash and services provided and all other conditions related to support to the food aid programme will be subject to separately agreed conditions, based on annual requests from UNRWA.

ARTICLE 3

Information

1. Before the beginning of each year UNRWA shall send the Community all relevant information as regards the planned implementation of the programmes as well as information on the planned distribution and use of the Community contribution.

This information shall in particular contain a clear and precise definition of the UNRWA programmes and the relevant budget, its priorities and the corresponding budgetary allocations, and structure of the specific programmes where the contribution of the Community will be used.

2. UNRWA shall inform the Community beforehand of any significant changes that may be planned in the education or health programmes provided by UNRWA.

In the event of any significant changes in the education or health programmes provided by UNRWA during the period of validity of this Convention, the

Community reserves the right to withdraw its agreement on the use of the funds made available to UNRWA under the Convention for these purposes. In such a case or cases the Community would notify UNRWA accordingly.

ARTICLE 4

Payment arrangements and reporting

1. The Community contribution shall be used for the education and health programmes, in accordance with Article 2.1.
2. The Commission shall each calendar year pay the contribution to UNRWA as follows :
 - 50% of the annual amount specified in Article 2 by way of an advance the first semester, normally on 1 March of that year, within 60 days upon receipt of a request for payment and the documentation pursuant to Article 3(1).
 - 45% of the annual amount specified in Article 2 by way of an advance the second semester, normally on 1 October of that year, within 60 days upon receipt of a request for payment and for the first quarterly financial report.
 - the remaining 5% of the annual amount specified in Article 2 within 60 days upon receipt of the annual report pursuant to Article 5(2) and of a request for payment.
3. The Commission shall make payments in Euro (€).
4. Without prejudice to the payment schedule in Article 4(2), payments shall normally be made within 60 days of the approval of documentation supporting all payments. The Commission shall provide its approval or comments within 30 days after their reception.

ARTICLE 5

Reports, audit and review

1. UNRWA shall provide the Community with all relevant information that it may require relating to the progress of the execution of the education and health programmes, which shall include documents that will give detailed accounts of expenditure and budgetary estimates of future expenditure and the annual statistics of the UNRWA departments of education and health.
2. An annual report of the programmes and of the execution of the programmes financed under the Convention, including an audit of the programme accounts including the part financed by the Community, must be established for each year and at the end of the period covered by this Convention.

The report on the operation of the food aid programme shall in particular indicate the number, category and location of recipients and the services provided the cost of the programme and the use made of Community contributions in kind and in cash.

ARTICLE 6

Adjustments

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

By the end of 2000, political developments regarding the refugees will be reviewed by the parties, and an evaluation made of any plans UNRWA has formulated, and, if this is the case, put into effect, for the hand-over of its functions to the Palestinian Authority and/or any other body.

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

ARTICLE 7

Financial control and visits

1. Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, rules and directives of UNRWA. A copy of the audited financial statements shall be submitted to the European Commission by UNRWA.
2. UNRWA shall:
 - (a) Keep financial and accounting documents concerning the programmes financed by the Community, and
 - (b) make available to the competent bodies of the Community, upon request, all relevant financial information, including statements of accounts concerning the programme/project, whether they are executed by UNRWA or by subcontracting
3. In conformity with the Financial Regulation of the Community, the Commission and the Court of Auditors may undertake, including on the spot, checks related to the operations financed by the Community.
4. UNRWA shall facilitate the access of the representatives of the Community to the sites of UNRWA operations.

ARTICLE 8

Visibility of the Community contribution

1. UNRWA shall contribute to the visibility of the action financed by the Community, provided that this does not harm its mandate, its basic principles or the safety of its staff.

2. During each action, UNRWA shall endeavour to bring the support and financing given by the Community to the attention of the target populations, the general public and the media and refer to this contribution in its internal and annual reports.
3. In keeping this objective UNRWA should present, where appropriate, a visibility plan within the framework of an action.

UNRWA shall ensure that all supplies, equipment and any other material financed by the Community display the EC logo that should be of the same size and with the same prominence as the logo of UNRWA, taking into account the provisions of paragraph 1 of this Article.

4. Evidence of implementation of activities undertaken to ensure appropriate visibility will be provided in the final reports.
5. Where appropriate, obligations in terms of visibility stemming from paragraphs 1,2 and 3 of this Article shall apply to sub-contractors.

ARTICLE 9

Arbitration clause

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

ARTICLE 10

Agreement on global arrangements

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

ARTICLE 11

Duration of the Convention

The Convention shall cover a period of three calendar years (1999, 2000 and 2001).

ARTICLE 12

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

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

ARTICLE 13

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

ISSN 0254-1475

COM(1999) 334 final

DOCUMENTS

EN

06 11 01 03

Catalogue number : CB-CO-99-346-EN-C

Office for Official Publications of the European Communities

L-2985 Luxembourg