



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a
COUNCIL DECISION

to approve the text of a ninth EC-UNRWA Convention covering the years 1996-98 prior to signature of the Convention by the Commission and the United Nations Relief and Works Agency for Palestine refugees

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Commission has taken up contact with officials of UNRWA in order to negotiate a ninth EC-UNRWA convention to govern the Community contribution to UNRWA for the years 1996-98, on the basis of the negotiating directives approved by the Council on 6th October 1995.

1 POLITICAL BACKGROUND

Final status negotiations between the Government of Israel and the Palestine Liberation Organisation of the issue of Palestinian refugees are not due to commence until May 1996 at the earliest. According to the Declaration of Principles signed between the two parties in October 1993, the issue will not be settled until the end of the 'interim period', that is, until 1998.

The European Union position on the Middle East Peace Process has been one of supporting the efforts of the parties to reach a peaceful resolution of their differences by means of bilateral and multilateral negotiation. A key element of this strategy has been that of reassuring the Palestinian side that the international community believes that the Declaration of Principles 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 (UNRWA)¹ is a key element in this strategy.

As for the size of the Community contribution under the convention, throughout negotiations the Commission has borne in mind the feeling 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 eighth Convention, and indeed of the changing emphasis in the use of the Community contribution away from its health programmes and towards education.

It is a possibility, however remote, that during the life of the convention some of the services provided by UNRWA to the refugees will be passed to the Palestinian Council. Indeed, UNRWA convoked its major donors to Amman in mid-1995 to explain and discuss its plans for eventual handover of its functions to the Council; UNRWA is already making efforts to harmonise its services with those of the Council, and its officials liaise ever more closely with those of the Council. UNRWA officials are adamant that UNRWA as an organisation must have a finite life, and look forward to a settlement of the refugee issue.

Handover, and the timing of handover, is an issue ultimately between the Palestinian Council and UNRWA. UNRWA does need to be assured of the financial stability

¹ In 1995 the Community, under the eighth Convention between the European Community and UNRWA, was the second largest contributor to the budget of UNRWA, its contribution making up 19% of total contributions (the European Union, counting both member states' bilateral contributions and the Community contribution, was the largest donor - 43% of total contributions).

offered by a three-year convention. This handover is unlikely in the period 1996-98. Nevertheless, handover, even partial or phased handover, however unlikely, naturally could have implications for the Community contribution to the regular budget of the Agency, and it is right that the convention make allowance for this. It is appropriate to make contingent provision under the convention for a workable mechanism for altering the Community contribution.

II GENERAL COVERAGE OF THE CONVENTION

Since 1972 the EC and UNRWA have signed eight conventions² 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, health and relief and social services) programme budget for the forthcoming three year period; and
- 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 2.8 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, that at some point UNRWA will hand over its functions to the Palestinian Council, and even other administrations in the region. UNRWA has indeed already begun to formulate plans for a gradual handover. A review of political developments and an evaluation of progress made by UNRWA towards putting handover plans into operation, has been incorporated into the convention, to take place two years following signature. Such a review will enable the Commission to foresee the order of magnitude of the Agency's financial requirements beyond 1998, and thus to keep member states appraised of the level of contribution UNRWA may request the Community to make beyond the life of a ninth convention.

It is therefore possible, if not likely, that UNRWA's financial requirements fall even during the 1996-98 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 reductions in the Community contribution under this convention, should this be appropriate.

² EEC-UNRWA Convention 1972-74, OJ No L 304 of 31.12.1972, p. 24
EEC-UNRWA Convention 1975-78, OJ No L 203 of 28.07.1976, p. 40
EEC-UNRWA Convention 1979-80, OJ No L 108 of 26.04.1980, p. 56
EEC-UNRWA Convention 1981-83, OJ No L 392 of 31.12.1981, pp. 3-6
EEC-UNRWA Convention 1984-86, OJ No L 188 of 16.07.1984, pp. 18-19
EEC-UNRWA Convention 1987-89, OJ No L 136 of 26.05.1987, p. 43
EEC-UNRWA Convention 1990-92, OJ No L 118 of 09.05.1990, p. 36
EC-UNRWA Convention 1993-95, OJ No L 9/16 of 13.01.94

III CONTRIBUTIONS UNDER THE NINTH CONVENTION

UNRWA's regular programmes include its education programme, health programme, and relief and social services programme. UNRWA has argued in general terms the reasons for the annual increases in its budgetary needs, leading to increases in Community contributions under a ninth convention as compared to those under the eighth..

A natural rate of growth of 3.5% per annum in the beneficiary population increases the costs of providing basic services, as does inflation. With almost 21,000 employees (including over 13,000 teachers), staff costs account for over two thirds of UNRWA's budget. The inevitable increase in such costs creates the heaviest additional demand on the Agency's budget. Alone the award to staff of the annual salary increment to which they are entitled (not a salary increase) requires a 2% increase in the total salary budget.

A Community contribution under the ninth convention would be made towards UNRWA's education and health programmes:

34.1 MECU in 1996;

35.3 MECU in 1997; and

36.5 MECU in 1998.

These overall figures break down as follows.

1. Education programme

Under its education programme, UNRWA provides education to over 400,000 pupils. The objective of this programme to meet the basic educational needs of Palestine refugees, and to enhance their educational opportunities at all levels of the educational system. This objective is met by means of a general education sub-programme, teacher education, and vocational and technical education.

UNRWA schools operate economically, with an average of 40.3 pupils per teacher at the elementary level and 30.3 at the preparatory level. The annual cost per pupil enrolled is low by regional and international standards, averaging \$266 per pupil at the elementary level and \$371 per pupil at the preparatory level.

Education is nevertheless UNRWA's largest programme, accounting for almost half of its total budget. Refugee population growth of about of about 3.5% per annum creates a requirement for substantial increases in teaching staff to keep pace with school population. This is expected to grow from 408,861 pupils in 1994-95 to 426,816 by the end of the 1996-97 biennium. (The programme must cope with an average annual increase in elementary school enrolment of 2.42%, and in preparatory enrolment of 2.2%.) A new factor in the growth of the school population is the influx into the West Bank and Gaza Strip of returning refugee families since the establishment of the Palestinian Authority (now Council) in Gaza, and of its police force. It is also possible that those displaced in 1967 may start to opt for return. In the school year 1994-95 UNRWA admitted 4,358 children of returning refugee families into its Gaza Strip schools.

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

ECU 28 million in 1996;

ECU 29.4 million in 1997; and

ECU 30.9 million in 1998.

2. General health programme

UNRWA's health programme is community-based, with the emphasis placed on primary health care, complemented, to the extent financially possible, by some secondary and tertiary care.

The numbers of refugees living in camps has doubled over the last 25 years, from 492,000 in December 1970 to 983,000 in March 1995. The high population density associated with the camps increases the need for environmental health services, provided by UNRWA in the camps in cooperation with host Governments and municipalities.

The growth in the refugee population, in particular the growing number of infants and elderly people who place the greatest demands on the health programme, increases the cost of providing basic health care, as does the cost of and high demand for hospitalisation. The Agency is making strenuous efforts to contain its expenditure on secondary and tertiary care.

- **Thus the convention allows for contributions to the general health programme of:**

ECU 3.4 million in 1996;

ECU 3.6 million in 1997; and

ECU 3.8 million in 1998.

3. Other contributions to the health programme

However, as well as the continuation of general health services, the health programme will place emphasis on an expanded sub-programme of maternal and child health including family planning, the development of programmes for control of non-communicable diseases, the containment of hospital services costs, environmental health, and the nutrition and supplementary feeding sub-programme.

- **Under the convention, the Community will contribute to specific components of this health programme:**

ECU 2.7 million in 1996 (0.9 MECU for the running costs of the family planning programme; 1.1 MECU for the expansion of this programme³; and for other improvements (mainly by means of helping to cover staff costs) in the health programme, plus other support staff, 0.7 MECU);

³ Note that the family planning programme was funded under the eighth EC-UNRWA Convention.

ECU 2.3 million in 1997 (0.9 MECU for the running costs of the family planning programme; 0.7 MECU for the expansion of this programme³; and for other improvements (mainly by means of helping to cover staff costs) in the health programme, plus other support staff, 0.7 MECU); **and**

ECU 1.8 million in 1998 (0.9 MECU for the running costs of the family planning programme; 0.7 MECU for the expansion of this programme³; and for other improvements (mainly by means of helping to cover staff costs) in the health programme, plus other support staff, 0.2 MECU).

4. Food aid programme

UNRWA is requesting that the new convention, as has been customary, allow for the annual negotiation of the Community contribution in kind to UNRWA's programme of food aid.

The financial implications of the proposed action are specified at the financial annex.

IV ACTION PROPOSED

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

Proposal for a
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to approve the text of a ninth EC-UNRWA Convention covering the years 1996-98 prior to signature of the Convention by the Commission and the United Nations Relief and Works Agency for Palestine refugees

(presented by the Commission)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130y in conjunction with Article 228 (3) first subparagraph thereof, and with Article 228 (4),

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 (UNRWA) concerning aid to refugees in the countries of the Near East, approved on 16th December 1993⁽²⁾, expired on 31st December 1995;

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

Whereas the new Convention provides for simplified procedures allowing, as necessary, for either the withdrawal of the Community contribution to certain programmes of UNRWA or, in agreement with UNRWA, adjustments to the Community contribution;

Whereas, as a consequence, the Commission should be authorized to approve such modifications under certain specific conditions;

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 the 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 (EEC) No 3972/86⁽³⁾ or, if appropriate, by any regulation on food aid repealing and replacing it.

¹ OJ No XXXXX

² OJ No L 9/16, 13.01.94, p. XXXXX

³ OJ No L 370, 30.12.1986, p. 1

Article 3

The Commission, after consultation of the committee designated for this purpose by the Council, shall proceed as necessary to notify UNRWA of the withdrawal of its contribution according to Article 2 (4) of the Convention. Following the same procedure, the Commission will agree, as necessary, with UNRWA the appropriate adjustments foreseen at Article 5 of the Convention.

Article 4

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

Done at Brussels,

For the Council

The President

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 (hereinafter referred to as 'UNRWA') in order to confirm its commitment to a programme of aid to UNRWA. This aid shall take the form of contributions in kind or in cash extending over a three-year period for use under the UNRWA education, health and feeding programmes.

Article 2

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 shall be ECU 28 million in 1996, ECU 29.4 million in 1997 and ECU 30.9 million in 1998 for the education programme; ECU 3.4 million in 1996, ECU 3.6 million in 1997 and ECU 3.8 million in 1998 for the general health programme; and ECU 2.7 million in 1996, ECU 2.3 million in 1997 and ECU 1.8 million in 1998 for various specific components of the health programme (including the operation and expansion of the family planning programme, and for other support staff). The distribution of these amounts between the three headings stipulated will be amenable to adjustment by UNRWA each year, according to its needs, and on condition that the Commission is informed accordingly.
2. UNRWA shall send the Community each year a report on the use made of the Community contribution. UNRWA shall also provide the Community with any documentation that it may require relating to the execution of the education and health programmes, including the supplementary feeding programme; as well as any 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.
3. UNRWA shall inform the Community of any significant changes that may be planned in the education or health services provided by the Agency.
4. In the event of any significant changes in the education or health services 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 3

Aid for UNRWA's food aid programmes

1. Other Community resources can also be mobilised to meet the specific needs of vulnerable groups.

2. The amounts and characteristics of the commodities and services provided will be subject to separately agreed financing conditions, based on annual requests from UNRWA.
3. UNRWA shall send the Community, each year, a report on the operation of the feeding programmes, indicating in particular the number, category and location of recipients and the services provided, the cost of the programmes and the use made of Community contributions in kind and in cash.

Article 4

Review

By end 1997, 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 handover of its functions to the Palestinian Council and/or any other body.

Article 5

Adjustments

If, during the life of the Convention, any or all of the functions of UNRWA are transferred to the Palestinian Council or to any other body, adjustments will be made, as appropriate, to those parts of the Community contribution to UNRWA under the Convention which are otherwise fixed under Article 2 paragraph 1, on the basis of an exchange of letters between the Community and UNRWA.

Article 6

Financial control, and visits

1. UNRWA shall:
 - i. keep financial and accounting documents concerning the activities financed by the Community; and
 - ii. 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.

In conformity with the Financial Regulation of the Community, the Commission and the Court of Auditors may undertake, including on the spot, check related to the operations financed by the Community.

2. UNRWA will facilitate the visits of representatives of the Community to the sites of UNRWA operations.

Article 7

Any dispute arising out of this Convention shall be settled by consultation between the two parties at the request of either party.

Article 8

Duration of the Convention

This Convention shall cover a period of three calendar years (1996, 1997 and 1998).

Article 9

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

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 of a new convention between the EC and UNRWA for the Community contribution to UNRWA's regular programme of education and health services, and its extraordinary programme of food aid.

Legal base

Articles 130u, 130w, 228§3 and 228§4 of the Treaty Establishing the European Community

Financial implications

Regular programmes

UNRWA are requesting support to its regular programmes of 34.1 MECU in 1996, 35.3 MECU in 1997 and 36.5 MECU in 1998 (a total of 105.9 MECU over the three year period, representing a year-on-year increase in the Community contribution of 6.6%, 3.5% and 3.4%, and an average annual increase of 4.5% in the Community contribution over the three year period).

More specifically, the amounts proposed for the education programme are: 28 MECU in 1996; 29.4 MECU in 1997; 30.9 MECU in 1998. These figures would represent a year-on-year increase in the Community contribution, from 1995, of 5% each year.

The amounts proposed for the regular health care programme are: 3.4 MECU in 1996; 3.6 MECU in 1997; 3.8 MECU in 1998.

Also as part of the overall health programme, the amounts proposed for the cash component of the supplementary feeding programme, and for improvements in health care (including family planning and its expansion) are: 2.7 MECU in 1996; 2.3 MECU in 1997; and 1.8 MECU in 1998. Taken together, the Community contributions for the health programme as a whole would increase by an average of 2.3%. This increase reflects the costs of the family planning programme, not under previous conventions charged to the Community budget, and to the expansion of this programme.

Contribution to feeding programmes

The size and content of the annual contribution to UNRWA for the feeding programmes will be decided according to the procedure laid down in Regulation (EEC) No 3972/86.

Table I

EC contribution to UNRWA's regular programme for 1996, 1997 and 1998, as proposed by UNRWA in its initial approach to the Commission

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

Table II

EC contributions under the 1993-95 EC-UNRWA Convention to UNRWA's regular and food aid programmes

Programme	1993	1994	1995
Education	24.2	25.4	26.7
Health programme	5	4.9	4.7
Cash component of supplementary feeding programme	0.8	0.7	0.6
Sub-total - regular programme	30	31	32
Food products (in value, at world prices, delivered free at destination)	19.38	11.69	7.2
Costs of distribution and supervision	2.24	1.2	0.81
Sub-total - food aid programme	21.62	12.89	8.01
TOTAL	51.62	43.89	40.01

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