



Independent  
Commission  
for Aid Impact

## The Effectiveness of DFID's Engagement with UNRWA

### Terms of Reference

#### 1. Introduction

1.1 The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple 'traffic light' system to report our judgement on each programme or topic we review.

1.2 In this review, we will examine the effectiveness of DFID's engagement with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

1.3 These Terms of Reference outline the purpose and nature of the review and identify the main themes we will investigate. A detailed methodology will be developed during an inception phase.

#### 2. Background

##### *The Occupied Palestinian Territories (OPTs)*

2.1 World Bank figures indicate that the OPTs are one of the poorest parts of the Middle East and North Africa region. The annual Gross National Income (GNI) per capita for the West Bank and Gaza is £1,004<sup>1</sup> compared to an average of £2,411<sup>2</sup> for the Middle East and North Africa as a whole.<sup>3</sup> This places the West Bank and Gaza in the World Bank's lower middle income category.<sup>4</sup>

2.2 According to DFID, the 'key economic feature of the OPTs is the restrictions imposed by the Israeli government on the movement of people and goods within and outside the territories and on access to natural resources... Israel relaxed some access restrictions after the events of summer 2010, but the situation remains bleak and fragile'.<sup>5</sup>

2.3 There are an estimated 4.8 million registered Palestinian refugees living in the Near East region covered by UNRWA (the West Bank, Gaza, Jordan, Lebanon and Syria).<sup>6</sup>

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<sup>1</sup> 2011 estimate. West Bank and Gaza GNI data are not available after 2005. The World Bank has calculated estimates based on GDP and GNP per capita data and growth rates from the International Monetary Fund's World Economic Outlook database and the Economist Intelligence Unit, see: *Doing Business 2013: Economy Characteristics*, World Bank, <http://www.doingbusiness.org/data/exploreeconomies/economycharacteristics>.

<sup>2</sup> *Gross national income per capita 2011, Atlas method and PPP*, World Bank, December 2012, <http://databank.worldbank.org/databank/download/GNIPC.pdf>.

<sup>3</sup> In these Terms of Reference, we have used pounds sterling figures provided by DFID wherever possible. Where figures are only available in US dollars, unless otherwise stated, we have translated into pounds sterling using the applicable average annual exchange rate (see: <http://www.oanda.com/currency/average>).

<sup>4</sup> *West Bank and Gaza at a glance*, World Bank, March 2012, [http://devdata.worldbank.org/AAG/wbg\\_aag.pdf](http://devdata.worldbank.org/AAG/wbg_aag.pdf).

<sup>5</sup> *Operational Plan 2011-2015, DFID Palestinian Programme*, DFID, July 2012, <http://www.dfid.gov.uk/documents/publications1/op/occupied-palestinian-territories-2011.pdf>.

<sup>6</sup> *UNRWA in figures as of 1 January 2012*, UNRWA, 2012, <http://www.unrwa.org/userfiles/20120317152850.pdf>.

Unemployment rates are high (17.1% for the West Bank and 28.4% for Gaza in Quarter 2, 2012)<sup>7</sup> and poverty levels in 2009 were 21.9% for the West Bank and Gaza.<sup>8</sup>

2.4 Annual aid per capita for the West Bank and Gaza, at £418, is high by international standards, compared to £11 for Pakistan, £18 for Yemen, £6 for Bangladesh and £121 for Afghanistan.<sup>9</sup>

2.5 In its emergency appeal documentation, UNRWA highlights the increase in conflict-related fatalities and describes the humanitarian situation in the OPTs as being 'characterised by violations of international humanitarian law, human rights and human dignity. In 2011, there was an overall increase in the number of fatalities and injuries caused by the Israeli military. In the West Bank, the number of structures demolished and the number of people displaced was the highest ever recorded. This included a significant number of settler-violence incidents against persons and property. The access and movement regime, through a combination of physical obstacles and bureaucratic impediments, has impeded access to basic services and limiting humanitarian access delivery by UNRWA and other aid agencies'.<sup>10</sup>

2.6 Commentators suggest that the Arab Spring bypassed the OPTs.<sup>11</sup> Internal protests were staged in Ramallah, however, during summer 2012. These were generally thought to reflect frustrations at political leaders and the state of the economy.

### *DFID's Palestinian Programme*

2.7 DFID's Operational Plan for the OPTs provides for a programme of £343 million over the period 2011-15 (see Figure 1 on page 3). DFID states that this will be focussed on:

'supporting the Palestinian economy, helping to build state institutions, improving security and access to justice as an investment in peace and helping the most vulnerable. Given the conflict our development programme remains flexible – in order to respond to major changes in the political and operating environment.'<sup>12</sup>

2.8 DFID's two largest projects within its Palestinian Programme are:<sup>13</sup>

- **Statebuilding and Service Delivery Grant to the Palestinian Authority in the Occupied Palestinian Territories** (£122 million): this aims to improve the Palestinian Authority's management of its financial systems and to provide better access to services for the Palestinian public; and
- **Support to UNRWA, funding basic services and protection for Palestinian refugees in the region** (£107 million): this aims to provide basic services (education, health and social services) and protection for Palestinian refugees.

2.9 DFID Jerusalem is also providing £14.4 million through UNRWA for food security<sup>14</sup> and £14.6 million through UNRWA for education.<sup>15</sup>

<sup>7</sup> *Economic Monitoring Note for West Bank and Gaza*, World Bank, November 2012,

<http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/EconUpdateNov2012.pdf>.

<sup>8</sup> Percentage of the population at the national poverty line, World Bank databank, 2009 data, <http://data.worldbank.org/country/west-bank-and-gaza>.

<sup>9</sup> Net official development assistance received per capita in 2010 (latest World Bank statistics),

<http://data.worldbank.org/indicator/DT.ODA.ODAT.PC.ZS/countries/1W?display=default>.

<sup>10</sup> *OPT emergency appeal 2011, 39<sup>th</sup> progress report*, UNRWA, <http://www.unrwa.org/userfiles/2012092075618.pdf>.

<sup>11</sup> For example, interview with Norman Finkelstein, January 2013, Counterpunch, <http://www.counterpunch.org/2013/01/04/an-interview-with-norman-finkelstein-3/>.

<sup>12</sup> *Summary of DFID's work in the Occupied Palestinian Territories 2011-2015*, DFID, June 2012,

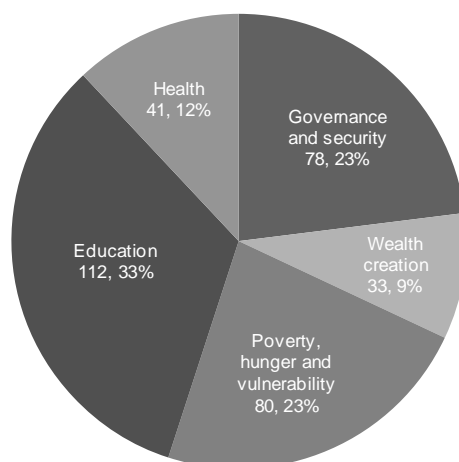
<http://www.dfid.gov.uk/Documents/publications/1/op/occupied-palestinian-territories-2011-summary.pdf>.

<sup>13</sup> These projects span several of the sectors of expenditure set out in Figure 1 on page 3.

<sup>14</sup> *Intervention Summary: Improving Food Security levels for people in Gaza*, DFID, undated, <http://projects.dfid.gov.uk/iati/Document/3718535>.

<sup>15</sup> *Intervention Summary: Improving Access to Education in Gaza*, DFID, undated, <http://projects.dfid.gov.uk/iati/Document/3717139>.

**Figure 1: DFID's Palestinian Programme 2011-15, planned expenditure by sector (£ million and percentage of total)<sup>16</sup>**



2.10 We propose that this review focusses on DFID's engagement with UNRWA for several reasons:

- DFID's funding to UNRWA is significant, comprising around a third of DFID's total expenditure in its Palestinian Programme;
- UNRWA is a multilateral organisation that receives significant DFID funding but it was not part of DFID's Multilateral Aid Review; and
- a focus on UNRWA will allow us to examine themes raised in the International Development Committee's (IDC's) previous work on humanitarian and development issues.<sup>17</sup>

2.11 While the focus of this review will be on UNRWA, we will assess whether this complements – and is complemented by – DFID's other activities. In particular, we will assess how the basic services provided by UNRWA relate to improvements in state delivery systems through the Statebuilding and Service Delivery Grant.

### UNRWA

2.12 The 1948 Arab-Israeli conflict resulted in over 700,000 Palestinians becoming refugees.<sup>18</sup> The international community responded to the needs of the newly-formed refugee population by establishing UNRWA via a United Nations (UN) General Assembly resolution in December 1949. The 1949 resolution provided a temporary mandate which, in the absence of a political solution to the Palestinian refugee problem, the General Assembly has repeatedly renewed. Its most recent renewal extends its mandate to 30 June 2014.

2.13 UNRWA's mandate is to provide basic services (including health, education and relief and social services) to refugees in five regions of operation: the West Bank, Gaza, Jordan, Syria and Lebanon. This mandate covers both original refugees and their descendants. The

<sup>16</sup> *Operational Plan 2011-2015, DFID Palestinian Programme*, DFID, July 2012, <http://www.dfid.gov.uk/documents/publications1/op/occupied-palestinian-territories-2011.pdf>. Due to rounding, the figures in this chart sum to £344 million, as opposed to the £343 million identified in paragraph 2.7.

<sup>17</sup> *The Humanitarian and Development Situation in the Occupied Palestinian Territories*, Eleventh Report of Session 2007-08, Volume 1, International Development Committee, 24 July 2008, <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmintdev/522/522i.pdf>.

<sup>18</sup> *United Nations General Progress Report and Supplementary Report of the United Nations Conciliation Commission for Palestine: Covering the period from 11 December 1949 to 23 October 1950*, United Nations, 1951, <http://unispal.un.org/unispal.nsf/b792301807650d6685256cef0073cb80/93037e3b939746de8525610200567883?OpenDocument>.

population UNRWA serves, therefore, continues to grow. There are currently five million Palestinian refugees in the region eligible to receive services from UNRWA (see Figure 2).<sup>19</sup>

2.14 The core of UNRWA's mandate – to address the needs of Palestinian refugees in its five fields of operation – remains unchanged since 1949 but assistance to Palestinian refugees over the last six decades has undergone considerable transformation. UNRWA began with a focus on immediate relief; then support of a population housed in tents; and now provides a complex network of services both inside and outside of camps. Some of these services, like basic education and community health, are provided by UNRWA alongside host government services. More recent innovations include 'a highly successful micro-finance programme, and a participatory approach to infrastructure improvement in camps, which are now dense urban quarters'.<sup>20</sup>

**Figure 2: Overview of refugee camps, registered refugees and persons registered, by region<sup>21</sup>**

Region/ Country	Number of Camps	Registered persons in camps (% of total)	Registered refugees (% of total) <sup>22</sup>
Jordan	10	359,410 (24%)	1,979,580 (41%)
Lebanon	12	233,509 (16%)	436,154 (9%)
Syria	9	154,123 (10%)	486,946 (10%)
West Bank	19	211,665 (14%)	727,471 (15%)
Gaza	8	526,891 (36%)	1,167,572 (24%)
<b>Total</b>	<b>58</b>	<b>1,485,598</b>	<b>4,797,723</b>

2.15 The relationships between UNRWA, donors, host governments and Palestinian refugees are complex and politically sensitive. Although UNRWA has one mandate covering all of its operations, how UNRWA applies this varies across the regions in which it operates (for example, in Lebanon, refugees are dependent on UNRWA support, given limited access to government services).

2.16 UNRWA relies almost entirely on voluntary contributions for funding. Refugee issues remain one of the five 'final status' issues of the Middle East Peace Process recognised by the EU (the others being borders, security, settlements and Jerusalem).<sup>23</sup> Total contributions to UNRWA in 2011 were £607 million. Of this, the top six funders accounted for two thirds of all contributions, with the UK as the fourth largest donor (see Figure 3 on page 5).<sup>24</sup>

2.17 A distinctive feature of UNRWA is that it provides its services directly to Palestinian refugees and does not work through local authorities or executing agencies. It builds and administers all of its delivery facilities, including schools and clinics. As a result, UNRWA currently operates or sponsors over 900 installations with nearly 30,000 staff across its five regions.<sup>25</sup>

<sup>19</sup> UNRWA website, <http://www.unrwa.org/etemplate.php?id=86>.

<sup>20</sup> *Refugees in the Muslim World*, UNRWA Commissioner-General's statement at Ministerial Conference, 11-12 May 2012, <http://www.unrwa.org/etemplate.php?id=1344>.

<sup>21</sup> *UNRWA in figures as of 1 January 2012*, UNRWA, 2012, <http://www.unrwa.org/userfiles/20120317152850.pdf>.

<sup>22</sup> Due to rounding errors, these do not add up to 100%.

<sup>23</sup> *EU positions on the Middle East peace process*, [http://eeas.europa.eu/mepp/eu-positions/eu\\_positions\\_en.htm](http://eeas.europa.eu/mepp/eu-positions/eu_positions_en.htm).

<sup>24</sup> *Pledges to UNRWA (cash and in kind)*, UNRWA, 2011, [http://www.unrwa.org/userfiles/file/financial\\_updates/2011/Donors%202011%20All%20Overall.pdf](http://www.unrwa.org/userfiles/file/financial_updates/2011/Donors%202011%20All%20Overall.pdf).

<sup>25</sup> UNRWA website, <http://www.unrwa.org/etemplate.php?id=85>.

**Figure 3: Top six donors to UNRWA, 2011**

Country/ Donor	2011 Contribution (% of total 2011 contributions)
USA	£149.3 million (25%)
European Commission	£109.4 million (18%)
Saudi Arabia	£47.9 million (8%)
United Kingdom	£47.6 million (8%)
Sweden	£35.3 million (6%)
Islamic Development Bank	£21.7 million (4%)

### *DFID's support to UNRWA*

2.18 Three DFID programmes (totalling £136 million) constitute the majority of UK support to UNRWA:

- core support to UNRWA, funding basic services and protection for Palestinian refugees (£107 million);
- financial support to improve food security for people living in Gaza in the OPTs (£14.4 million); and
- financial support to improve access to education in Gaza in the OPTs (£14.7 million<sup>26</sup>).

2.19 The objectives of these programmes are to:

- reduce the vulnerability of Palestinian refugees through provision of health care, education services and a social safety net programme for the poorest;
- protect refugee rights; and
- foster regional stability, given the potential linkage between service delivery and stability within the OPTs and Palestinian refugee host countries.

## **3. Purpose of this Review**

3.1 To assess the effectiveness and value for money of DFID's engagement with UNRWA during 2008-13.

## **4. Relationships to other evaluations/studies**

4.1 UNRWA has commissioned a number of internal evaluations since 2009, covering the full range of its operations, as well as its regulatory framework and internal organisation. The reviews of UNRWA's education, health and relief and social service programmes provided the basis for a programme of internal reform: its 'Sustaining Change' reform agenda.<sup>27</sup> In addition, UNRWA commissions decentralised evaluations managed and budgeted for by the field offices and HQ Departments.

4.2 The most recent IDC review of the humanitarian situation in the OPTs was published in July 2008<sup>28</sup> (following up on a report published in January 2007<sup>29</sup>). The IDC noted an acute

<sup>26</sup> This figure consists of £14.6 million funding to UNRWA for improving access to education in Gaza and an additional £0.1 million for evaluation.

<sup>27</sup> *UNRWA Sustaining Change: Relief and Social Services Department*, UNRWA, November 2011, <http://www.unrwa.org/userfiles/201201154647.pdf>.

<sup>28</sup> *The Humanitarian and Development Situation in the Occupied Palestinian Territories*, Eleventh Report of Session 2007-08, Volume 1, International Development Committee, 24 July 2008, <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmintdev/522/522i.pdf>.

<sup>29</sup> *Development Assistance and the Occupied Palestinian Territories*, Fourth Report of Session 2006-07, Volume 1, International Development Committee, 31 January 2007, <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmintdev/114/114i.pdf>.

humanitarian situation in Gaza, with 'food, fuel and water in short supply and the public health system...under severe pressure'. The July 2008 report went on to emphasise that 'ways must be found to ensure full humanitarian access'.

4.3 UNRWA has been reviewed extensively by external bodies, many of which appear to be highly politicised. The Multilateral Organisation Performance Assessment Network (MOPAN) review, however, does appear to be independent of political influence. It provides an overall positive view of the organisation, although it does find a need for further work on improving UNRWA's operational efficiency.<sup>30</sup>

## 5. Analytical approach

5.1 Our review will examine the effectiveness of DFID's support to UNRWA, within the changing regional context. We recognise that the financial options for DFID to support Palestinian refugees are limited, so this review will focus on:

- DFID's approach to ensuring value for money and positive impact for intended beneficiaries through its financial contribution to UNRWA;
- the decision making processes that determine the scale of DFID's contribution to UNRWA and its alignment with DFID's objectives and other programmes;
- how effectively DFID uses its contribution to leverage positive change in UNRWA; and
- DFID's strategy for helping intended beneficiaries to move sustainably from poverty.

5.2 A wide range of data exists on support to Palestinian refugees and the results of that support. We will conduct an initial analysis of this data during the inception phase, to assess the additional benefits of primary data collection and detailed secondary data analysis. Specifically, we will consider the feasibility of conducting:

- a more detailed examination of how effectively DFID's funds flow to their intended beneficiaries; and
- more detailed primary survey work to validate the impact on intended beneficiaries and potential sustainability of DFID's funding.

5.3 We will visit DFID in Jerusalem and UNRWA's headquarters in Jordan. We will also interview intended beneficiaries and project delivery partners in up to three field visits. Precise locations will be identified during the inception phase but may include the West Bank, Gaza, Jordan and Lebanon.

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<sup>30</sup> *Multilateral Organisation Performance Assessment Network, Organisational Effectiveness Assessment*, UNRWA, December 2010, <http://www.unrwa.org/userfiles/201204291514.pdf>.

## **6. Indicative evaluation questions**

6.1 A detailed methodology will be developed during the inception phase, setting out the evaluation questions and the methods to be used for answering them. Likely evaluation questions will include:

### **6.2 Objectives**

- 6.2.1 Does DFID's support to UNRWA have clear, relevant and realistic objectives that focus on the desired impact for intended beneficiaries?
- 6.2.2 Are the programme's objectives appropriate to the political, economic, social and environmental context?
- 6.2.3 Is DFID funding the programme at an appropriate scale in line with its own strategic objectives and in proportion to the contributions being made by other donors?

### **6.3 Delivery**

- 6.3.1 How does DFID ensure that there is good governance, with sound financial management and adequate steps being taken to avoid corruption?
- 6.3.2 In the absence of a Multilateral Aid Review rating, how has DFID gained assurance of the operational effectiveness of UNRWA's management?
- 6.3.3 Have appropriate amendments been made to DFID's objectives, to take account of the changing context (including the recent UN vote on Palestinian statehood and the Arab Spring)?
- 6.3.4 How do UNRWA's costs of delivery compare to those of other organisations?

### **6.4 Impact**

- 6.4.1 Is DFID delivering clear, significant and timely benefits for the intended beneficiaries that provide value for money?
- 6.4.2 How will funding to UNRWA deliver sustainable impact for Palestinian refugees?
- 6.4.3 Does DFID maximise its impact on intended beneficiaries, through UNRWA, by ensuring complementarity with its other statebuilding and service delivery activities?

### **6.5 Learning**

- 6.5.1 Are there appropriate arrangements for monitoring inputs, processes, outputs, results and the ultimate impact on intended beneficiaries?
- 6.5.2 Are lessons about the objectives, design and delivery of the programme being learned and have these led to increasing effectiveness and fitness for purpose of UNRWA's interventions?
- 6.5.3 Is there evidence that UNRWA's internal organisational transformation is improving the effectiveness and impact of DFID's funding on intended beneficiaries?

## **7. Methodology**

7.1 This review will focus on impact for intended beneficiaries. In order to comment clearly on this, the evaluation will include several areas of investigation:

- a literature review covering the OPTs context, the past record of external assistance in the OPTs and relevant international experience on the delivery challenges addressed through UNRWA;
- a detailed examination of evidence on effectiveness and impact from past programme evaluations and reviews;
- a review of relevant DFID files and information systems, including financial information and guidance on programming in conflict-affected countries;
- interviews with senior UK officials in DFID and the Foreign and Commonwealth Office (FCO); and
- field visits to UNRWA headquarters in Jordan, DFID Jerusalem and UNRWA operations (in at least two locations from Jordan, Lebanon, the West Bank or Gaza). These field visits will include meetings with intended beneficiaries, representatives of civil society organisations, DFID staff, UNRWA officials, Palestinian officials and other stakeholders.

7.2 During the inception phase, we will assess the benefit of primary survey work to verify the impact on intended beneficiaries and its sustainability. We will also assess the scope for conducting a detailed assessment of the flow of funds from DFID to intended beneficiaries. We will design relevant methodologies during the inception phase to deliver these assessments.

## **8. Timing and deliverables**

8.1 The review will be overseen by Commissioners (led by Mark Foster) and implemented by a small team from ICAI's consortium. The main phase of the review will take place during the spring and summer of 2013, with a report published in the autumn of 2013.