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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX I

to the Commission Implementing Decision on the financing of the special measure in favour of Palestine¹
and Palestine refugees for 2025

**Action Document for “European Union Contribution to the United Nations Relief and Works Agency
for Palestine Refugees in the Near East (UNRWA) Programme Budget 2025”**

MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and measure in the sense of Article 23(4) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	European Union Contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) Programme Budget 2025 Commission Implementing Decision on the financing of the special measure in favour of Palestine and Palestine refugees for 2025 OPSYS business reference: ACT-62512 SUMMA Commitment level 1 number: (SUMMA fund reservation not yet encoded) Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Economic and Investment Plan (EIP)	No
EIP Flagship	No
3. Team Europe Initiative	No
4. Beneficiary(y)/(ies) of the action	The action shall be carried out in the following locations: refugee camps and areas populated by Palestine refugees in UNRWA’s five fields of operation: West Bank, including East Jerusalem, Gaza Strip, Syria, Lebanon and Jordan.
5. Programming document	Not applicable
6. Link with relevant MIP(s)	Not Applicable

¹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

objectives/expected results				
PRIORITY AREAS AND SECTOR INFORMATION				
7. Priority Area(s), sectors	Financial Support to the UNRWA Programme Budget			
8. Sustainable Development Goals (SDGs)	Main SDG: SDG 4 (quality education) Other significant SDGs: SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 5 (gender equality) and, SDG 8 (decent work and economic growth)			
9. DAC code(s)	720 Emergency Response – 100% 72010 Material relief assistance and services - 100%			
10. Main Delivery Channel	UNRWA 41130			
11. Targets	<input checked="" type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
12. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**13. Internal markers
and Tags**

Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policy objectives	Not targeted	Significant objective	Principal objective
EIP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EIP Flagship	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
Tags	YES	NO	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
environment, climate resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
human development (incl. human capital and youth)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
health resilience	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
migration and mobility	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
rule of law, governance and public administration reform	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

	Migration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
14. Amounts concerned	Budget line(s): 14 02 01 10 Southern Neighbourhood Total estimated cost: EUR 766 629 585.00 ² Total amount of EU budget contribution: EUR 82 000 000.00. This action is co-financed in joint co-financing by: - Other donors for an amount of EUR 684 629 585.00.			
MANAGEMENT AND IMPLEMENTATION				
15. Implementation modalities (management mode and delivery methods)	Indirect management with UNRWA.			

1.2. Summary of the Action

Continued European Union (EU) political and financial support UNRWA is an essential element of the EU's strategy of contributing to the promotion of security, stability and development in the region and represents the EU's longstanding commitment to Palestine refugees until a just resolution to their plight is found, bearing in mind that this will require the reintroduction of the refugees perspective in a renewed political agenda.

UNRWA's role has been and is crucial in providing essential basic services and humanitarian aid in the occupied Palestinian territory and beyond. Since 1971, the EU has been providing strong, reliable and predictable support annually to UNRWA's Programme Budget, complemented with support to special projects and emergency appeals. The EU together with its Member States are the largest donors to UNRWA. The EU has, as a result, reaffirmed its unwavering commitment to effective multilateralism and to the rules-based international order with the UN at its core.

Overall, UNRWA has an important role to play due to the contribution it makes to several of the Sustainable Development Goals (SDGs) for Palestine refugees. UNRWA contributes directly to five SDGs via the Agency's core programmes.

The EU's contribution of EUR 82 million will be used primarily to cover the Agency's key core services in the areas of health, education, and social services. The amount will be essentially used to pay salaries for UNRWA local area staff, in particular teachers, doctors and social workers active in the refugee camps in the West Bank and the Gaza Strip, Syria, Lebanon and Jordan. UNRWA has more than 30,000 staff posts that provide services to over 5.9 million refugees.

The overall objective of Action 1 is to maintain basic living conditions and human development of Palestine refugees. The specific objectives are: (1) to support UNRWA to deliver uninterrupted essential basic services within the Agency's Programme Budget, namely basic education, primary healthcare and relief assistance; and

² Indicative and based on the UNRWA 2024 actual Programme Budget (EUR 766 629 585.00).

(2) to help UNRWA move forward with the implementation of specific operations and internal reforms linked to neutrality, effectiveness, sustainability and accountability.

At the High-Level Political Dialogue between the EU and the Palestinian Authority, on 14 April 2025, the Commission announced it would propose a Multiannual and Comprehensive Programme for Palestine 2025-27³ based on three main pillars: 1) reforms and financial support to the Palestinian Authority (PA); 2) support for resilience and recovery in the West Bank and Gaza; 3) loans from the EIB and EFSD+ guarantees. In particular, within the second pillar, the Commission intends to support the recovery and stabilisation of the West Bank, East Jerusalem and Gaza, including by allocating EUR 82 million per year to provide services to Palestine refugees via the UNRWA, both in the occupied Palestinian territory and the wider region.

1.3. Beneficiaries of the action

Action 1 shall be carried out in the West Bank, including East Jerusalem, and the Gaza Strip, Syria, Lebanon and Jordan all of which are included in the list of ODA recipients. The final beneficiaries of Action 1 are the Palestine refugee population in UNRWA's five fields of operations.

2. RATIONALE

2.1. Context

The EU's strategic engagement with UNRWA is rooted in a shared commitment to stability, human development, and humanitarian assistance for Palestine refugees. UNRWA, established by the United Nations General Assembly in 1949, is mandated to provide essential services, including education, healthcare, relief, and social services, to registered Palestine refugees. This cooperation is crucial for regional stability, ensuring that essential services continue to reach a highly vulnerable population amidst ongoing conflicts as well as political and economic challenges, in addition to efforts to uphold the rights and dignity of Palestine refugees until a just solution is found.

More than 5.9 million Palestine refugees are registered with UNRWA and are eligible to receive its services across its five areas of operation—West Bank, including East Jerusalem, Gaza Strip, Lebanon, Syria, and Jordan. However, not all registered refugees actively use these services. While basic education and primary healthcare are available to all Palestine refugees who seek them, other forms of support, such as cash and food assistance or hospitalisation support, are limited to those in extreme poverty.

UNRWA operates in five distinct fields, each presenting unique challenges exacerbated by armed conflicts, socio-economic downturns, or political uncertainty. Despite these challenges, the Agency has steadfastly provided essential human development services and humanitarian aid, including education, healthcare, social and relief services, camp infrastructure improvements, microfinance, and emergency support.

The challenges facing Palestine refugees have been exacerbated by recent geopolitical developments, including but not limited to intensified hostilities in Gaza, restrictions on UNRWA's operations, and funding shortfalls.

In **Gaza**, the escalation of hostilities since October 2023 has led to unprecedented devastation. By December 2024, reports indicated that at least 1.9 million people, about 90% of Gaza's population, were displaced, many

³ https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1055

multiple times⁴. Approximately 380 000 individuals sought refuge in over 100 UNRWA school buildings. The conflict has inflicted severe damage on infrastructure, including healthcare and educational facilities, further crippling essential services. The February 2025 Interim Rapid Damage and Needs Assessment, conducted by the EU, the World Bank and the UN, estimates the total recovery and reconstruction needs at USD 53.2 billion. Over 660 000 children remain out of school, living amid rubble and facing significant psychological trauma. The health sector faces an unprecedented emergency, with facilities overwhelmed and resources depleted. The cumulative impact of these factors has regressed Gaza's development to levels reminiscent of the 1950s. Compounding these challenges, legislation passed by the Israeli Knesset is obstructing UNRWA's operations in the occupied Palestinian territory, including Gaza. This jeopardizes the delivery of essential services such as food, healthcare, and education to hundreds of thousands of Palestine refugees, potentially exacerbating the already dire humanitarian crisis.

Over the past year, the situation of Palestine refugees in the **West Bank, including East Jerusalem**, has also become increasingly precarious. Armed conflict and military operations in refugee camps in the north, aimed at dismantling militant groups, resulted in the demolition of numerous structures and infrastructure, drawing comparisons to the devastation seen in Gaza. Compounding these challenges, the Israeli Knesset passed legislation in October 2024 that bans UNRWA from operating within Israeli territory, including East Jerusalem. More specifically, the legislation prohibits UNRWA from conducting any activities or providing services inside Israeli territory, including the occupied East Jerusalem and preclude contact between the Agency and Israeli officials. The legislation has gone into effect and may lead to disrupting essential services such as education, healthcare, and social support that UNRWA provides to Palestine refugees in East Jerusalem and other areas. In view of the entry into force of the legislation, UNRWA has closed down its headquarters in East Jerusalem and relocated its international staff to Jordan.

Lebanon's socio-economic crisis has also deepened, with escalating poverty and unemployment rates exacerbated by ongoing political, social, financial, and economic turmoil. In 2024, the situation was further aggravated by the regionalization of the Gaza conflict, which spilled over into southern Lebanon. In response to the escalating crisis, UNRWA intensified its efforts to provide humanitarian assistance to Palestine refugees in Lebanon. Notably, UNRWA's response extended beyond refugees, assisting vulnerable Lebanese citizens affected by the crisis. Beneficiaries of UNRWA's support included both Palestine refugees and Lebanese communities facing similar hardships.

Syria has continued to face significant humanitarian challenges, with 438 000 Palestine refugees in the country dependent on UNRWA services. Syria's conflict has left much of the country's infrastructure in ruins, and Palestine refugees—many of whom were displaced multiple times—are among the most vulnerable. Over the past year, the socio-economic crisis has deepened, with skyrocketing inflation, fuel shortages, and food insecurity affecting daily life and severely impacting the resilience of these refugees. The regionalization of the Gaza conflict also intensified tensions, contributing to increased violence within Syria. Whilst the fall of the Assad regime and the first steps taken by the Syrian interim authorities open the possibility for an inclusive transition and for the socio-economic early recovery, uncertainty remains on the potential return of thousands of refugees, including Palestinians, from neighbouring countries like Lebanon and Jordan.

The EU's support to UNRWA is aligned with its key strategic objectives, including the promotion of human rights, refugee protection, conflict prevention, and regional stability. As a primary service provider, UNRWA's work upholds international humanitarian law, ensuring that refugees have access to education, healthcare, and social protection despite the absence of a political solution.

⁴<https://www.unrwa.org/resources/reports/unrwa-situation-report-153-situation-gaza-strip-and-west-bank-including-east-jerusalem>

Education remains one of UNRWA's most critical functions, which currently operates over 423 schools and provides education to around 270 000 children across the region⁵. Based on UN values and principles, this educational system is a fundamental pillar in fostering resilience, equipping young refugees with the necessary skills and knowledge to contribute productively to their societies.

Healthcare administered by UNRWA provides primary healthcare services to millions of refugees annually, helping to contain public health crises, respond in emergency situations and sustain the well-being of communities.

Social protection programmes, including cash assistance and emergency relief, remain essential in the face of economic hardships and conflicts that have disproportionately affected the refugee population.

Combined, these services play a direct role in ensuring stability, reducing the likelihood of radicalisation and social unrest by addressing the core needs of marginalised communities. Without this support, the risk of increased displacement, heightened socio-economic instability, potential migration flows and regional insecurity grows significantly.

The EU remains one of the most reliable and substantial donors to UNRWA, ensuring that the agency can continue providing these indispensable services despite financial constraints. Previous multi-annual EU funding has been crucial in ensuring predictability and continuity in service delivery, mitigating the impact of funding fluctuations from other donors. The EU's engagement also strengthened UNRWA's institutional reform efforts, promoting neutrality, transparency, accountability, and operational efficiency to maximise the impact of available resources.

Beyond direct financial support, the EU's broader engagement in the region complements UNRWA's work, aligning with initiatives that address development, economic empowerment, and humanitarian needs. Assistance to UNRWA operates alongside EU bilateral support to the Palestinian Authority, the region's cooperation and sectoral investments, and funding provided through humanitarian aid instruments. The EU will continue to work with both UNRWA and the Palestinian Authority to allow for a future seamless transition of the Agency's services towards an empowered Palestinian Authority, whenever the times will be ripe, in the framework of the two-state solution and as foreseen in the temporary mandate that the UN General Assembly entrusted to UNRWA.

EU assistance to UNRWA functions within a multi-donor framework, where burden-sharing among international partners is critical for sustaining the agency's operations. The EU has played a key role in diplomatic and financial advocacy, ensuring that other international actors contribute effectively to refugee support. However, persistent funding gaps continue to pose a challenge, requiring sustained engagement to secure financial commitments and maintain service continuity.

Given the ongoing needs and emerging geopolitical challenges, sustained EU support to UNRWA remains critical. The Agency's role in providing essential services ensures not only the well-being of Palestine refugees but also broader regional stability by preventing further displacement and socio-economic deterioration. Future cooperation should continue to focus on strengthening institutional reforms including in the Agency's neutrality, enhancing the Agency's financial sustainability and ensuring that UNRWA remains a cornerstone of humanitarian and developmental support in the region.

⁵ Excludes Agency schools in Gaza, as formal education has been suspended since October 2023. As reported by UNRWA, currently, these schools are not functioning as educational facilities, with most being either non-operational or repurposed as shelters due to widespread destruction and displacement. When conditions permit, UNRWA provides in-person learning opportunities to over 35 000 children, while more than 250 000 students have enrolled in distance learning programs.

The EU is committed to continuing its support to the Agency to allow it to fulfil its mandate. With this action, the EU remains a firm supporter of the United Nations and the multilateral and rules-based international order of which UNRWA is a part. This political line was reconfirmed in a number of European Council (EUCO) conclusions, in particular on 19 December 2024, where the EUCO affirms: *‘The European Council expresses its deep concern over the consequences of the Israeli legislation adopted on 28 October 2024 on UNRWA’s capacity to operate its mandate. The European Council stresses the essential role of UNRWA, which provides crucial support to the civilian population in both Gaza and the wider region. Continued implementation of the UNRWA Action Plan is key’*⁶. Furthermore, on 24 February 2025, on the occasion of the 13th meeting of the EU-Israel Association Council, EU ministers stressed, in the EU position for the meeting⁷: *‘the essential role of the UN and its agencies, notably UNRWA, which provides crucial support to the civilian population, including humanitarian aid and basic services, both in the occupied Palestinian territory and the wider region. The EU reiterates its grave concern with the far-reaching consequences of the Israeli legislation on UNRWA for its operations in the West Bank, including East Jerusalem, and in Gaza. The EU deplores Israel’s withdrawal from the 1967 agreement between Israel and UNRWA and condemns any attempt to obstruct its capacity to operate its mandate. It is essential that UNRWA can continue carrying out its crucial work in line with its mandate adopted by the UN General Assembly in 1949 and renewed since. The EU is committed to continuing its support to the Agency, and closely monitors and evaluates the implementation through the Action Plan of the recommendations of the Independent Review Group report following the allegations against some UNRWA staff, and looks forward to further decisive action by the UN to ensure neutrality, accountability and strengthen control and oversight in order to prevent further cases. The EU condemns Hamas for the alleged use of UNRWA facilities’*.

2.2. Problem Analysis

PRIORITY (1): Supporting UNRWA in delivering uninterrupted essential basic services within the Agency's Programme Budget

Short problem analysis:

UNRWA plays an essential role in providing vital services to millions of Palestine refugees and stabilising the region. The Agency also contributes to maintaining hope for a lasting peace between Israelis and Palestinians. UNRWA's services therefore remain key to contribute to a viable negotiated two-State solution, including an agreed, just and fair solution to the refugee question.

Overall, UNRWA has an important role to play due to the contribution it makes to several of the Sustainable Development Goals (SDGs) for Palestine refugees. UNRWA contributes directly to five SDGs via the Agency’s core programmes⁸. Beyond the immediate humanitarian needs on the ground, recognising that more needs to be done to deliver on the United Nations (UN)’s Decade of Action for the 2030 Agenda for Palestine refugees, the upcoming years will be important to reflect on how UNRWA can better work with its partners – hosts, donors and the wider development community – so that no one is left behind, and to provide hope through opportunities to Palestine refugees so that they, in turn, can contribute more sustainably towards a peaceful and secure future.

The human development approach lies at the centre of the Agency’s work. The Programme Budget is the Agency's primary means of sustaining core services. Over the last decade and a half, persistent funding gaps in the UNRWA budget have placed the delivery, quality and effectiveness of essential services at immediate risk. Against this background and notwithstanding the ramifications of the armed conflicts in the region,

⁶ <https://www.consilium.europa.eu/media/jhlenhaj/euco-conclusions-19122024-en.pdf>

⁷ <https://www.consilium.europa.eu/media/jhlenhaj/euco-conclusions-19122024-en.pdf>

⁸ https://www.unrwa.org/who-we-are/sustainable_development_goals

UNRWA is almost halfway through its ambitious multi-year strategic plan (2023-2028)⁹ aimed at refocusing the Agency on its core business (primary health, basic education and social relief) while paving the way for consolidation, partnerships and savings of expenditures. It is not yet clear to what extent regional political dynamics will reshape the Agency's role and function; what is clear is that the Agency continues to play a crucial role to millions of refugees pending any potential change to its mandate.

UNRWA's ability to sustain its services relies entirely on adequate voluntary contributions from donors, secured on an annual or multiannual basis. Decreasing donor contributions, combined with growing humanitarian demands, have made the Agency's funding model increasingly vulnerable. Political factors have further exacerbated these financial challenges. In February 2025, the United States announced its decision to continue withholding funding from UNRWA, mirroring similar actions taken by the U.S. administration between 2018 and 2021. This suspension, along with some donors' reluctance to fund the Agency due to political considerations, presents an urgent threat to UNRWA's ability to deliver essential humanitarian and development services, which are essential to EU priorities in regional stability, refugee protection, and humanitarian aid. Given the U.S. has historically been UNRWA's largest donor, this funding shortfall places immense pressure on the Agency's ability to deliver life-saving assistance and long-term support to millions of Palestine refugees.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

The final beneficiaries of Action 1 are the Palestine refugee population in UNRWA's five fields of operations. The Agency itself, as well as all donors and host countries supporting UNRWA are also key stakeholders in responding to the essential needs of Palestine refugees.

PRIORITY (2): Supporting the Agency in moving forward with internal reforms

Short problem analysis:

UNRWA plays a key role in advancing the EU's core values by upholding the principles of human dignity, equality, and respect for human rights in its operations. The Agency provides essential services to Palestine refugees in accordance with the humanitarian principles of neutrality, impartiality, independence, and humanity—principles that align with the EU's commitment to regional stability, promoting human rights and international law. While bound by the curricula of hosting countries, through its education system, UNRWA fosters UN principles and culture including tolerance, equality, and non-discrimination, reflected in its curriculum framework and teacher-centred approach. This commitment supports the EU's broader efforts to protect fundamental freedoms and promote inclusive and quality education.

Recent allegations regarding the conduct of certain UNRWA staff members have raised concerns about the Agency's neutrality and impartiality, posing a challenge to its humanitarian mission and alignment with the EU's core values. In response, UNRWA took swift and decisive action, reaffirming its commitment to transparency and neutrality. The Agency launched internal investigations, revised its policies, and strengthened staff accountability measures. Additionally, UNRWA remains fully committed to implementing the recommendations of the UN Independent Review¹⁰, led by former French Minister of Foreign Affairs Catherine Colonna, as well as the findings of the EU independent system audit. These efforts reflect the Agency's proactive approach to strengthening oversight, accountability, and compliance with international standards. Through these measures, UNRWA seeks to uphold its neutrality framework, maintain the trust of its beneficiaries and international partners, and ensure continued adherence to humanitarian principles that align with the EU's foundational values.

⁹ <https://www.unrwa.org/resources/about-unrwa/strategic-plan-2023-28>

¹⁰ https://www.unrwa.org/Colonna_Report

Following the allegations made in January 2024 regarding the alleged involvement of UNRWA staff in the 7 October 2023 attacks, the Commission underscored the need for UNRWA to take firm action to address these concerns and their implications. Upon UNRWA's fulfilment of the conditions set for the 2024 EU funding¹¹, the Commission disbursed a total of EUR 92 million in four tranches.

The EU remains committed to supporting UNRWA and continues to closely monitor the implementation of the Independent Review's recommendations, as well as further UN-led measures to ensure neutrality, accountability, and enhanced oversight of the Agency's operations. Additionally, the Commission will maintain oversight of UNRWA's compliance with the 2024 agreed funding conditions, including the implementation of recommendations from the EU system audit.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The Agency, all donors and host countries supporting UNRWA, as well as the refugee population, are the main stakeholders.

2.3. Lessons learned

The EU has long recognised the crucial role of the UNRWA in providing essential services to millions of Palestinian refugees across the Middle East. In a statement¹² dated October 31, 2024, the EU emphasized that UNRWA's operations are crucial for delivering life-saving support, including education and healthcare, to vulnerable populations in Gaza, the West Bank, East Jerusalem, Lebanon, Syria, and Jordan.

However, recent challenges have prompted the EU to call for enhanced oversight and adherence to principles of neutrality within UNRWA. In response, the EU has urged UNRWA to strengthen its internal controls and ensure strict compliance with its humanitarian mandate, thereby maintaining the trust of the international community.

Financial sustainability remains a pressing concern for UNRWA. The Agency is funded almost entirely by voluntary contributions, with EU Member States contributing a significant portion of its budget. In 2024, EU Member States, along with the Commission, provided approximately 42% of UNRWA's total received contributions, amounting to about USD 525 million.

Despite this substantial support, UNRWA faces financial instability due to shifts in donor funding.

These developments underscore the need for UNRWA to diversify its donor base and implement innovative strategies to achieve a more predictable and sustainable financial model.

The EU remains committed to supporting UNRWA while advocating for necessary reforms. The EU closely monitors the implementation of recommendations from independent reviews and anticipates further progress on actions to ensure neutrality, accountability, and strengthened oversight within the agency.

A key lesson relates to the importance and continued application of strong and solid safeguards that prevent the possibility of funding individuals/institutions involved in terrorist activities or incitement. These are namely the implementation of UNRWA activities in the framework of indirect cooperation, based on the Financial and Administrative Framework Agreement (FAFA), which makes the Agency subject to the pillar assessment; the continuous policy dialogue; the emphasis put on adherence to the United Nations Educational,

¹¹ It should be noted that UNRWA neutrality commitments and actions as agreed between the Commission and the Agency in 2024 remain valid and are scheduled to be completed by the end of 2026.

¹² <https://www.consilium.europa.eu/en/press/press-releases/2024/10/31/statement-by-the-high-representative-on-behalf-of-the-eu-on-the-unrwa-legislation/>

Scientific and Cultural Organisation (UNESCO) education standards; the compliance with the clause 6a of FAFA on restrictive measures; and the emphasis put by UNRWA on ethical values. As per article 6a.2 of the FAFA, UN agencies, including UNRWA, shall cooperate with the Commission in assessing if the third parties, whether entities, individuals or groups of individuals, selected by the UN to be recipients of funds in connection with the implementation of the respective contribution agreement, fall under the scope of EU restrictive measures. In the event that such recipients would fall under the scope of EU restrictive measures, the UN shall promptly inform the Commission. The EU considers that the Agency has put in place effective mechanisms in this regard.

The EU, as a key supporter of UNRWA, reaffirmed its commitment to the Agency, with financial contributions amounting to EUR 92 million in 2023 and 2024. In 2024, the EU disbursed EUR 92 million to UNRWA's core budget following the Commission's acknowledgement of the progresses made by the Agency, both in the implementation of the High-Level Action Plan addressing the recommendations of the Colonna Report, as well as the progress on the implementation of the Action Plan in response to the EU System Audit¹³.

As long as a sustainable solution to the Palestinian refugee situation remains elusive, the mandate of UNRWA continues to be vital.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective /Impact of this action is to contribute to maintain basic living conditions and human development of Palestine refugees.

The Specific Objective(s) (Outcomes) of this action are to

1. To maintain access to essential services for Palestine refugees via UNRWA
2. To increase organisational effectiveness and efficiency of UNRWA, especially in areas related to governance, neutrality, transparency, ethics, supervision and accountability.

The **Outputs** to be delivered by Action 1 contributing to the corresponding Specific Objectives (Outcomes) are:

1.1 contributing to Outcome 1 (or Specific Objective 1): Operational and financial capacities of UNRWA in the distribution of quality core services in line with its medium-term strategic goals and objectives¹⁴ is improved.

2.1 contributing to Outcome 2 (or Specific Objective 2): Organisational effectiveness and efficiency of UNRWA, especially in areas related to governance, neutrality, transparency, ethics, supervision and accountability is increased.

3.2. Indicative Activities

Activities related to Output 1.1:

Programme Budget programmes - Within UNRWA's Programme Budget, the Agency delivers essential services notably in the areas of education, health, protection, relief and social services, microfinance, camp improvement as well as executive direction and support services via its 30,000 area staff members. Core

¹³ It should be noted that UNRWA neutrality commitments and actions as agreed between the Commission and the Agency in 2024 remain valid and are scheduled to be completed by the end of 2026.

¹⁴ https://www.unrwa.org/sites/default/files/content/resources/strategic_plan_2023-2028.pdf

programme expenditures that comprise of recurrent staff and non-staff costs are eligible for support under this action.

Activities related to Output 2.1:

Internal reforms - Eligible for support under this action are initiatives aimed at improving organisational effectiveness, which focus, *inter alia*, on governance, neutrality, transparency, oversight, accountability, ethics and overall modernisation. These initiatives reflect and support the UN-wide priority reform areas. In addition, any initiatives aimed at supporting UNRWA's 2024 commitments with regards to neutrality including but not limited to the implementation of the High-Level Action Plan addressing the recommendations of the Colonna Report as well as progress on the implementation of the Action Plan in response to the EU System Audit are also eligible for support¹⁵.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Environmental Impact Assessment (EIA) screening (relevant for projects and/or specific interventions within a project).

The EIA screening classified the action as Category C (no need for further assessment). Action 1 is primarily centred on the provision of essential basic services within the Agency's Programme Budget, which is not relevant for environmental protection, climate change and biodiversity. Nonetheless, UNRWA has a role to play in addressing environmental sustainability and an obligation to minimise the negative environmental impact of its own operations.

Outcome of the Climate Risk Assessment (CRA) screening (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this action is no or low risk (no need for further assessment). Action 1 is primarily centred on the provision of essential basic services within the Agency's Programme Budget, which is not relevant for a Climate Risk Assessment.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, Action 1 is labelled as G1. This implies that UNRWA is committed to gender equality, integrating gender mainstreaming with targeted interventions in its 2023-2028 Strategic Plan. This builds on the Gender Equality Policy (2007) and the Gender Equality Strategy (GES) 2016-2021, now succeeded by the 2023-2028 Gender Strategy and Gender Action Plan (GAP). Key initiatives include the Women Advisory Forum, the Gender Equality Champion Award, and enhanced gender-responsive services, particularly for survivors of gender-based violence. UNRWA continues to foster an inclusive, gender-sensitive approach across all operations.

Human Rights

Operating in a conflict-affected region, UNRWA safeguards the rights and protection of Palestine refugees, including vulnerable groups such as women, children, and persons with disabilities. Its mandate includes gender mainstreaming, a gender-based violence program, disability and inclusive education policies, and a child protection framework. The Agency also documents alleged human rights violations. Since 1949, UNRWA has played a crucial role in providing essential services, promoting human development, and protecting refugees until a just resolution is achieved.

¹⁵ See footnote 13.

Disability

As per OECD Disability DAC codes identified in section 1.1, Action 1 is labelled as D1. This implies that Agency also addresses the protection concerns of persons with disabilities.

Democracy

Not applicable.

Conflict sensitivity, peace and resilience

As a key provider of essential services to millions of Palestine refugees, UNRWA plays a stabilizing role in the region. The Agency is integral to the EU's strategy for peace, stability, and development in the area, reflecting the EU's longstanding commitment to Palestine refugees until a just resolution is reached. UNRWA's services are central to maintaining the possibility of sustainable peace between Israelis and Palestinians and contribute to a viable, negotiated two-state solution, including a fair resolution of the refugee issue. While not a political entity, UNRWA's role is crucial for regional stability in alignment with a Nexus approach. However, the Agency's future is closely tied to the reintegration of the refugee issue into a revitalised political process.

Disaster Risk Reduction

Not applicable.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Risk 1	Escalating political tensions, especially in Gaza and the West Bank, affecting UNRWA's ability to operate and deliver services safely.	H	H	UNRWA engages in continuous dialogue with international stakeholders, including host governments, to maintain the neutrality and safety of UNRWA's operations. UNRWA implements contingency plans for conflict escalation including prioritization of critical services with a view to ensuring flexibility to address emerging needs in terms of advocacy and funding. UNRWA makes operational adjustments based on Agency-wide emergency preparedness.
Risk 1	Ongoing and potentially	H	H	UNRWA increases diversification of funding sources, including engagement

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
	worsening funding shortfalls from traditional donors, exacerbated by the loss in confidence and political shifts in key donor countries.			with private sector partners and potential humanitarian foundations/networks. UNRWA improves advocacy and communication efforts to highlight the critical nature of UNRWA's services for Palestinian refugees, its neutrality and accountability initiatives and commitments while combating misinformation.
Risk 1	Restrictions on the movement of goods and personnel due to security concerns, particularly in Gaza and West Bank, where authorities may impose more stringent controls.	M	H	UNRWA collaborates with UN partners, international donors, NGOs and local authorities (if possible) to ensure the safe passage of supplies and aid. Whenever possible, focus on increasing local procurement to mitigate delays and dependence on external supply chains. UNRWA equips, trains and prepares staff for potential rapid response in conflict zones.
Risk 1	Deteriorating security situation in refugee camps, particularly in Gaza and the West Bank, affecting the safety of staff and beneficiaries and hindering access to key services.	H	H	UNRWA enhances security protocols for staff and beneficiaries. UNRWA strengthens community engagement and local partnerships to build resilience at the camp level. UNRWA engages with UN partners, international donors, NGOs and local authorities (if possible) to support security mitigation protocols and measures.
Risk 1	The potential for further legal and political challenges to UNRWA's mandate remains, particularly from policies or bills in the Knesset or other governmental bodies that aim to restrict or	M	H	UNRWA increases advocacy efforts to protect UNRWA's mandate, engaging with international legal bodies, the UN, and key global stakeholders to safeguard operations. UNRWA strengthens public relations and informational campaigns to defend the role of UNRWA as the key agency for Palestinian refugees.

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
	delegitimise its operations.			
Risk 2	Maintaining consistent adherence to neutrality principles amid operational pressures and complex political dynamics.	M	H	<p>UNRWA ensures the strict implementation of the Colonna and EU audit Action Plans.</p> <p>UNRWA ensures ongoing staff training on neutrality, provide clear operational guidelines, and reinforce decision-making aligned with these principles. Regular monitoring tracking risks, while improving communication to keep teams aligned.</p> <p>UNRWA conducts assessments and reviews to identify breaches, with swift corrective actions taken.</p> <p>UNRWA instils a strong accountability culture, underscoring the non-negotiable importance of neutrality despite challenging conditions.</p>

External assumptions

- The macro-environment will be characterised by instability, unrest, and potential instances of conflict throughout the year.
- Political attacks against UNRWA will persist, affecting its operational environment.
- UNRWA will be able to continue implementing its mandate in Gaza and the West Bank, including East Jerusalem, either fully or partially.
- Demand for the Agency's emergency assistance and core services will remain high.
- Regional political stability, while unpredictable, remains crucial for the safe operation of UNRWA's programmes.
- Continued volatility in Gaza and the West Bank will pose ongoing risks to operations and service delivery.
- UNRWA's mandate will continue to be acknowledged, and humanitarian aid corridors will remain accessible.
- The provision of humanitarian and early recovery services in Gaza will be challenged by extensive damage to Agency installations, basic infrastructure, displacement, and trauma affecting many UNRWA staff.
- Sufficient supplies will be admitted into Gaza to sustain UNRWA's humanitarian and early recovery operations.

- Security-related movement restrictions in the occupied Palestinian territory will not increase further and may decrease.
- Potential restrictions could affect the scope, quality, and timely delivery of essential services.
- Hostility towards and prejudice against Palestine refugees in host communities, where it exists, will not increase.
- Donor countries are expected to maintain their support, though financial shortfalls are likely due to shifting geopolitical priorities and global economic constraints.
- Cooperation from host governments and local authorities remains essential, though evolving security and political challenges could limit collaboration.

3.5. Intervention logic

The underlying intervention logic for Action 1 is that supporting UNRWA's annual Programme Budget ensures the Agency has the financial predictability needed to sustain its core programmes and efficiently deliver essential services to Palestine refugees. At the same time, implementing key reforms will strengthen UNRWA's accountability, reinforce adherence to its principles—particularly neutrality—and enhance oversight and organizational effectiveness. These efforts are crucial for preserving UNRWA's role in delivering vital services and for maintaining donor confidence in the Agency's operations.

Preserving UNRWA's ability to provide essential services within its mandate—while ensuring neutrality, efficiency, and effectiveness—remains fundamental to safeguarding the basic living conditions and human development of Palestine refugees until a just, fair, and realistic solution to their plight is reached. As part of its mandate, UNRWA not only provides education, healthcare, and social protection but also responds to the urgent humanitarian needs of refugees, mitigating the impact of growing vulnerability. Through the sustained delivery of core services, the Agency continues to serve as a pillar of stability and a critical investment in the human capital of Palestine refugees.

Recent developments have underscored the necessity of strengthening scrutiny and reinforcing the EU's emphasis on comprehensive reforms to enhance accountability and ensure strict adherence to neutrality. In light of the evolving situation, the EU stresses the importance of continuous monitoring and adaptation of UNRWA's operations to uphold the highest standards of neutrality and accountability. This approach is essential for sustaining international support and ensuring the Agency's long-term effectiveness in serving Palestine refugees.

3.6. Indicative Logical Framework Matrix

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities).

Results ¹⁶	Results chain: Main expected results	Indicators	Baseline (2024 Actual unless otherwise stated) ¹⁷	Target 2025 final target ¹⁸	Sources of data	Assumptions
Impact	To maintain basic living conditions and human development of Palestine refugees.	1) Enrolment rate in UNRWA schools 2) Coverage of essential health services. Number of individuals directly benefiting from EU-supported interventions that aim to reduce social and economic inequality (individuals receiving Social Safety Net Programme assistance) ¹⁹	1) 270000 children 2) 100%	1) 270000 children 2) 100%	United Nations General Assembly (UNGA) resolutions and reports on the mandate and operations of UNRWA and Palestine refugees. UNRWA Annual Operational Reports.	<i>Not applicable</i>

¹⁶ Please note that due to the conflict in Gaza that commenced in October 2023, regular UNRWA operations in Gaza were suspended and replaced with emergency interventions. As such, unless otherwise stated: (i) baseline values exclude performance pertaining to Gaza; and (ii) target values also exclude interventions planned in Gaza for 2025.

¹⁷ Sources for data including baselines and targets – UNRWA Planning Department (March 2025)

¹⁸ All targets are provisional and will be confirmed by 30 April 2025.

¹⁹ Please note that: (i) the baseline and target include Social Safety Net Programme recipients in all five fields of UNRWA operation. In this regard, please note that social safety net payments were reinstated to recipients in Gaza in November 2024; and (ii) the Social Safety Net Programme will be reviewed in 2025. As such, the target for this indicator is provisional and will be updated once the review is completed.

Outcome 1	1) Maintained access to essential services for Palestine refugees					<ul style="list-style-type: none"> - UNRWA's operations can be maintained despite political attacks and institutional pressures.
		1.1	Number of primary health care facilities providing services to Palestine refugees	1.1) 126	1.1) 126	<ul style="list-style-type: none"> - The delivery of essential services continues to be able to be carried out in Gaza and the West Bank, including East Jerusalem, fully or partially, despite the restrictions and the environment's volatility. demand for the Agency's emergency assistance and core services will remain high. - Regional political stability, while unpredictable, allows for the safe operation of UNRWA's programmes. UNRWA's mandate will continue to be acknowledged, and humanitarian aid corridors will remain accessible. Security-related movement restrictions in the occupied Palestinian territory will not increase further and may decrease. - Potential restrictions do not affect the scope, quality, and
		1.2	Stability in the number of UNRWA schools / educational facilities providing services to Palestine refugees	1.2) 423	1.2) 423	
		1.3	Percentage of abject poverty line bridged through UNRWA social transfers ²⁰	1.3) 19.6	1.3) 50	
		1.4	Percentage of children 18 months old that received all booster vaccines ²²	1.4) 98.8	1.4) 95	

²⁰ Please note that the baseline and target exclude daily medical consultations per doctor in Gaza. Due to the conflict, measurement of the indicator cannot be conducted in this field.

²¹ Please note that the baseline excludes the abject poverty line bridged through UNRWA social transfers in Gaza. Due to the ongoing conflict, measurement of the indicator cannot be conducted in this field.

²² Please note that the baseline and target exclude children who received booster vaccinations in Gaza. Due to the conflict, measurement of the indicator cannot be conducted in this field.

						<p>timely delivery of essential services.</p> <p>Donor countries are expected to maintain their support, though financial shortfalls are likely due to shifting geopolitical priorities and global economic constraints.</p>
Outcome 2	<p>2 Increased organisational effectiveness and efficiency of UNRWA, especially in areas related to governance, neutrality, transparency, ethics, supervision and accountability.</p>	<p>2.1 UNRWA's performance on the UN-SWAP framework of indicators²³</p> <p>2.2 Implementation rate of DIOS audit recommendations</p> <p>2.3 Implementation rate of DIOS evaluation recommendations</p>	<p>2.1) 79</p> <p>2.2) 85.7</p> <p>2.3) 66.7</p>	<p>2.1) 86</p> <p>2.2) 85</p> <p>2.3) 70</p>	<p>UNRWA Annual Operational Report and relevant reporting.</p> <p>UNRWA formal meetings including the Advisory Commission and EU bilaterals including the EU-UNRWA strategic Dialogue</p>	
Output 1 related to Outcome 1	<p>1: Improved operational and financial capacities of UNRWA in the</p>	<p>1.1.1 Number of migrants, refugees, and internally displaced people or</p>	<p>2008825</p>	<p>2008825</p>	<p>UNRWA Annual Operational Report and</p>	

²³ Please note that: (i) the baseline pertains to UNRWA's performance against UN-SWAP indicators in 2023, reported in 2024; and (ii) the target pertains to UNRWA's targeted performance against UN-SWAP indicators in 2024, to be reported in 2025.

	distribution of quality core services in line with its medium-term strategic goals and objectives	individuals from host communities protected or assisted with EU support) ²⁴ (GERF 2.20)			relevant reporting	
Output 1 related to Outcome 2	2: Improved UNRWA's tools and technical resources on the implementation and institutionalisation of internal reforms in key areas for its management and operation	2.1.1 Perception of progress in implementing and institutionalizing internal reforms, based on stakeholder feedback from meetings	Stakeholder feedback acknowledges progress in implementing reforms, with tangible improvements observed in several areas	Stakeholder feedback reflects broader recognition of structured progress, with increased confidence in the institutionalization of key reforms and strengthened commitment across all levels	UNRWA formal meetings including the Advisory Commission and EU bilaterals including the EU-UNRWA strategic Dialogue	

²⁴ Please note that: (i) the baseline pertains to the annual caseload as at 31 December 2024 for health and relief and social services interventions funded through the Programme Budget in all fields, including Gaza, as well as basic education services in Jordan, Lebanon, Syria and the West Bank; and (ii) the target is provided at the same level as the baseline on the assumption that Programme Budget interventions will be maintained at the current level in all fields. The indicator is matched with the number of Palestine refugees supported by the EU (Number of migrants, forcibly displaced people or individuals from host communities protected or assisted)

4. IMPLEMENTATION ARRANGEMENTS

4.1 Financing agreement

In order to implement Action 1, it is not envisaged to conclude a financing agreement.

4.2 Indicative implementation period

The indicative operational implementation period of Action 1, during which the activities described in section 5.1 will be carried out and the corresponding contracts and agreements implemented, is 18 months from the date of adoption by the Commission of this financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

4.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1 Indirect management with a pillar-assessed entity

Action 1 may be implemented in indirect management with UNRWA. This implementation entails carrying out the action described in section 3 in order to provide sustained access of the Palestine refugee population in the Gaza Strip, the West Bank, including East Jerusalem, Jordan, Syria, and Lebanon, to quality essential services (outcome 1) and carry out reforms (outcome 2).

The envisaged entity has been selected using the following criteria as the action has specific characteristics requiring a specific type of implementer with proven technical competence and specialisation. UNRWA, established by the UN General Assembly (UNGA), is the UN Agency mandated to provide services to Palestine refugees. In the absence of a solution to the Palestine refugee problem, the UN General Assembly has repeatedly renewed UNRWA's mandate. The Agency provides services to the Palestinian refugee population and has the capacity to manage healthcare, education, and social support. It further has appropriate financing structures in place as well as strong partnerships for service continuity. In addition, the Agency ensures effective monitoring.

The Commission authorises that the costs incurred may be recognised as eligible as of 1 January 2025 because it will fully guarantee the continuation of vital basic service provision to the Palestine refugees particularly in the current context, help avert a financial crisis that may cripple the Agency and support efforts for the implementation of UNRWA internal reforms.

4.3.2 Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management as defined in section 4.3.1 (outcome 1) cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation under direct management through Direct Financial Support (DFS) via PEGASE will be used. It will be implemented by the Commission through the Office of the European Union Representative to the West Bank and Gaza Strip (EUREP), located in East Jerusalem, in close co-ordination with the Palestinian Authority and EU Member States. This would entail signing a Financing Agreement.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) of the NDICI-Global Europe Regulation).

4.5 Indicative budget

Indicative budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.3		
Outcomes 1 & 2 composed of	82 000 000.00	EUR 684 629 585.00
Indirect management with UNRWA– cf. section 131	82 000 000.00	EUR 684 629 585.00
Totals	82 000 000.00	EUR 684 629 585.00

4.6 Organisational set-up and responsibilities

Action 1 will be implemented by UNRWA whereas the contribution agreement will be managed by the EU through the Office of the EU Representative to the West Bank and Gaza Strip (EUREP), located in East Jerusalem.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

Close monitoring will be carried out at the action level and managed by the EU through the Office of the EU Representative to the West Bank and Gaza Strip (EUREP), located in East Jerusalem.

UNRWA maintains a unified reporting framework that is aligned with the Agency's multi-year strategic plan (2023-2028)²⁵. The effort generates a standardised methodology with a set of indicators for reporting to donors, encompassing reporting timeframes, templates and both quantitative and qualitative information. This harmonised reporting approach reduces transaction costs while producing an enhanced quality of reporting.

Results reporting is derived from the UNRWA results-based monitoring system which enables data collection and analysis against strategic outcomes set out in the MTS. The system monitors emergency appeals, projects and other frameworks employed by the Agency and, where possible, establishes linkages between them.

The Agency's Annual Operational Reports will serve as the primary performance monitoring tool for the planned contribution agreement to implement the actions and may be supplemented by complementary reporting as far as reform actions are concerned.

5.2. Evaluation

Having regard to the nature of the action, a final evaluation will not be carried out for this action or its components.

In case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the EU's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply

²⁵ <https://www.unrwa.org/resources/about-unrwa/strategic-plan-2023-28>

with the instructions given in the 2022 guidance document *Communicating and raising EU visibility: Guidance for external actions* (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as;

Action level (i.e. Budget support, Blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	Contract “European Union Contribution to the United Nations Relief and Works Agency for Palestine Refugees for the Near East (UNRWA) 2025 Programme Budget”