



**First Consolidated Annual Progress Report on Activities  
Implemented under the Palestine Authority – United Nations Trust Fund  
(oPt Trust Fund)**

**Report of the Administrative Agent of the oPt Trust Fund  
for the period 1 January – 31 December 2011**

**Multi-Partner Trust Fund Office**  
Bureau of Management  
United Nations Development Programme  
<http://mptf.undp.org>

31 May 2012

# oPt Trust Fund

## Participating Organizations



Food and Agriculture Organization (FAO)



International Labour Organization (ILO)



United Nations Children’s Fund (UNICEF)



United Nations Development Programme (UNDP)



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Office on Drugs and Crime (UNODC)



United Nations Population Fund (UNFPA)



United Nations Human Settlements Programme (UN-HABITAT)



World Food Programme (WFP)



United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN)



United Nations Relief and Works Agency for Palestine Refugees (UNRWA)

## Contributing Donors



United Kingdom

## Abbreviations and Acronyms

|             |  |
|-------------|--|
| AA          | Administrative Agent   |
| DFID        | United Kingdom Department International Development                    |
| FAO         | Food and Agriculture Organization of the United Nations                |
| ILO         | International Labour Organization                                      |
| MPTF        | Multi-Partner Trust Fund   |
| MoP         | Ministry of Planning   |
| MPTF Office | Multi-Partner Trust Fund Office  |
| MTRP        | Medium Term Response Plan  |
| NDP         | National Development Plan  |
| NDS         | National Development Strategy  |
| PA          | Palestinian Authority  |
| PAG         | Programme Approval Group   |
| PCN         | Programme/Project Concept Note   |
| PRDP        | Palestinian Reform and Development Plan                                |
| PWG         | Priority Working Groups  |
| SAG         | Strategic Area Group   |
| TOR         | Terms of Reference   |
| UN          | United Nations   |
| UNCT        | United Nations Country Team  |
| UNDG        | United Nations Development Group                                       |
| UNDP        | United Nations Development Programme                                   |
| UNESCO      | United Nations Educational, Scientific and Cultural Organization       |
| UNFPA       | United Nations Population Fund   |
| UN-HABITAT  | United Nations Human Settlements Programme                             |
| UNICEF      | United Nations Children's Fund   |
| UNODC       | United Nations Office on Drugs and Crime                               |
| UNPRIS      | UN Project Information System  |
| UNRWA       | United Nations Relief and Works Agency for Palestine Refugees          |
| UNSCO       | Office of the UN Special Coordinator                                   |
| UNWOMEN     | United Nations Entity for Gender Equality and the Empowerment of Women |
| WFP         | World Food Programme   |

## **Definitions**

### **Allocation**

Amount approved by the relevant steering committee for a project/programme.

### **Annual Work Plan (AWP)**

Annual plans that set out the activities to be undertaken during the year to reach the results specified in the project/programme. AWP include a timeframe, budget and responsibilities for completing the activities.

### **Approved Project/Programme**

A project or programme that has been approved by the oPt Trust Fund Steering Committee for fund allocation purposes.

### **Donor Commitment**

A contribution expected to be received or already deposited by a donor, as per signed Standard Administrative Arrangement (SAA) with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent (AA) of the Fund.

### **Donor Deposit**

Cash deposit received by the MPTF Office for the Fund.

### **Direct Cost**

Cost that can be traced to or identified as part of the cost of a project or programme.

### **Indirect Support Cost**

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. Under UN MPTFs, these costs amount to 7 percent as per the UNDG agreed MPTF cost recovery.

### **Net Funded Amount**

Amount transferred to a Participating Organization less refund of unspent balances received from the Participating Organization.

### **Participating Organizations**

Organizations that have signed a Memorandum of Understanding (MoU) with the MPTF Office.

### **Project Commitment**

Amount for which legally binding contracts have been signed, including multi-year commitments that may be disbursed in future years.

### **Project Disbursement**

The amount paid to a vendor or entity for goods received, work completed, and/or services rendered (does not include unliquidated obligations).

### **Project Expenditure**

Amount of disbursement made plus unliquidated obligations during the year.

**Project Financial Closure**

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

**Project Operational Closure**

A project or programme is considered operationally closed when all activities for which a Participating Organization is responsible under the approved programmatic document have been completed.

**Project/Programme/Joint Programme Document**

An Annual Work Plan (AWP) or a programme/project document that has been approved by the steering committee for fund allocation purposes.

**Project Start Date**

Date of transfer of first instalment from the MPTF Office to the Participating Organization

**Total Approved Budget**

Amount approved by the Steering Committee

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## **Executive Summary**

### **Introduction**

The oPt UN Trust Fund was established in following formal consultations between the Office of the UN Special Coordinator (UNSCO), the UN Country Team (UNCT), the Ministry of Planning, the Ministry of Finance, and the Prime Minister. Subsequently, the conclusion of the Memorandum of Understanding (MOU) between 10 UN Participating Organizations and the UNDP Multi-Partner Trust Fund Office (MPTF Office) in its capacity as the Administrative Agent (AA) of the oPt Trust Fund took place in August 2010.

The Fund consists of two distinct windows: one for the West Bank (including Area C and Jerusalem), and one for Gaza. The Fund supports the Palestinian Authority (PA) in the achievement of its goals and objectives to establish a Palestinian state while meeting the socio-economic needs of Palestinians throughout the oPt. In line with this objective and the UN's commitment to supporting the achievement of these goals, the oPt Trust Fund has been designed to ensure that early recovery, recovery and reconstruction activities can be implemented in the most effective and efficient manner as possible in the West Bank and Gaza, specifically.

A total of 11 UN Organizations signed the Memorandum of Understanding (MOU) to become Participating Organizations. The Fund's ToR and Operational Manual provide detailed procedures for the operations and management of the oPt Trust Fund.

### **Strategic Framework**

The Fund is established, under a common governance structure, to finance UN supported statebuilding and development goals throughout the oPt including the West Bank, and early recovery, recovery and reconstruction initiatives in Gaza. As such, the oPt Trust Fund constitutes a joint effort by the PA and the UN to implement best aid practices using globally agreed partnership principles, as articulated in the Paris Declaration, to which the PA subscribed in 2008. The Fund consists of two distinct priority windows: one for the West Bank, and one for Gaza.

The Palestinian Reform and Development Plans (PRDP), for 2008 – 2010 and for 2011 – 2013, represent the overarching planning, programming and budgeting framework for the achievement of the Palestinian national policy agenda, while the UN's programmatic contribution to the PRDP and related national frameworks are reflected in its Medium Term Response Plan (MTRP), 2011-13.

### **Project Approval Status**

The oPt Management Committee approved the first oPt Trust Fund allocations during first quarter 2012 for a total of \$22,368,715. The funding was approved to support the construction of schools in Gaza.

### **Financial Performance**

The first contribution to the oPt Trust Fund was received in December 2011 from the United Kingdom for a total of \$22,594,661. As of 31 December 2011, the total of Fund-earned interest income amounted to \$33,193 and the AA fee of one percent amounted to \$225,947 leaving an available balance with the AA of \$22,407,641 as of 31 December 2011. During first quarter 2012, a total of \$22,368,715 was transferred to a UN Participating Organization leaving a balance remaining with the AA of \$38,926 as of 31 March 2012.

## **Transparency and Accountability**

The MPTF Office provides regular information on the operations of the oPt Trust Fund on its GATEWAY page at (<http://mptf.undp.org/factsheet/fund/PS100>). The MPTF Office GATEWAY (<http://mptf.undp.org/>) is a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating Organizations. All narrative reports are posted on the GATEWAY which provides easy access to over 8,000 relevant reports and documents, with tools and tables displaying financial and programme data.

By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partner.

# 1 Introduction

The joint Palestine Authority (PA) – United Nations (UN) Trust Fund (oPt Trust Fund) was formally established on 1 August 2010 with the conclusion of the MOU between 10 UN Participating Organizations in the occupied Palestinian territories and the UNDP Multi-Partner Trust Fund Office (MPTF Office) in its capacity as the Administrative Agent (AA) of the oPt Trust Fund. An additional UN Organization subsequently signed the MOU for a total of 11 Participating Organizations.

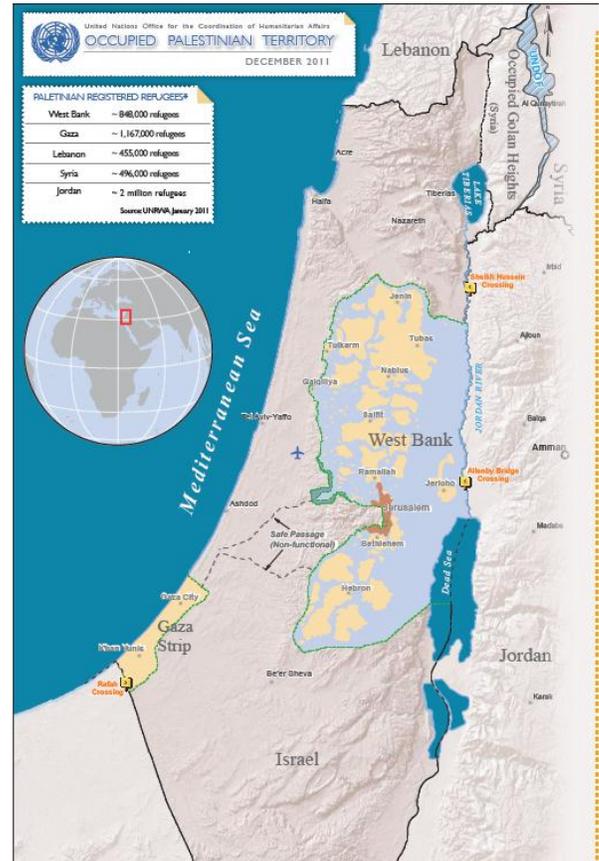
The Fund is established, under a common governance structure, to finance UN supported statebuilding and development goals throughout the oPt including the West Bank, and early recovery, recovery and reconstruction initiatives in Gaza. As such, the oPt Trust Fund constitutes a joint effort by the PA and the UN to implement best aid practices using globally agreed partnership principles, as articulated in the Paris Declaration, to which the PA subscribed in 2008. The Fund consists of two distinct priority windows: one for the West Bank, and one for Gaza.

The oPt Trust Fund was established in 2010 to consolidate resource mobilization by the UN following the Sharm el Sheikh conference in March 2009, and in support of Palestinian Reform and Development Plan (PRDP) 2008-2010 and Palestinian National Early Recovery and Reconstruction Plan for Gaza 2009-2010, which provides a framework for early recovery and reconstruction activities in Gaza. The Fund was later extended to include the West Bank, including Jerusalem.

Over 1.56 million people live in Gaza, of which 70 percent are refugees. More than 50 percent of Gaza’s population is under the age of 18 and as many as 44 percent are under the age of 15. The ongoing conflict and the blockade on Gaza affect all aspects of life. Further, the “easing of the closure” in June 2010 has so far failed to deliver meaningful change to the levels of unemployment, poverty, food insecurity and to the overall vulnerability of a population caught in increasingly difficult circumstances.

In past years there has also been deterioration in the socio-economic and human rights situation of Palestinians in East Jerusalem that has rendered daily life increasingly difficult and led to a range of inter-related challenges, in areas of housing, economic deterioration including unemployment and lack of access to basic social services. In response, the work of the UN and the oPt Trust Fund also focuses on this region.

The Annual Progress Report covers the reporting period from 1 January 2011 to 31 December 2011 with informal updates as of 31 March 2012. It provides information and financial data on Fund level activities and progress. During the reporting period, the oPt Trust Fund received its first contribution from the Government of United Kingdom for a total of \$22,594,661. Subsequently, the oPt Management Committee approved the first project to support the construction of 12 new schools in Gaza for a total of amount of \$ 22,368,715.



## 2 oPt Trust Fund Establishment

### 2.1 Establishment of the oPt Trust Fund

The oPt UN Trust Fund was established in August 2010 following formal consultations between the Office of the UN Special Coordinator (UNSCO), the UN Country Team (UNCT), the Ministry of Planning, the Ministry of Finance, and the Prime Minister. The Fund consists of two distinct windows: one for the West Bank (including Area C and Jerusalem), and one for Gaza. The Fund supports the PA in the achievement of its goals and objectives to establish a Palestinian state while meeting the socio-economic needs of Palestinians throughout the oPt. In line with this objective and the UN's commitment to supporting the achievement of these goals, the oPt Trust Fund has been designed to ensure that early recovery, recovery and reconstruction activities can be implemented in the most effective and efficient manner as possible in the West Bank and Gaza.

A total of 11 UN Organizations signed the Memorandum of Understanding (MOU) to become Participating Organizations. The Fund's ToR and Operational Manual provide detailed procedures for the operations and management of the oPt Trust Fund.

In the spirit of providing a coherent response to the national challenges, all agencies are encouraged to submit joint programmes for funding as this helps enhance the impact of UN's work, while reducing the transaction costs including those related to reporting, and monitoring and evaluation.

#### 2.1.1 Fund Start and End Dates

The oPt Trust Fund was established on 1 August 2010 and will continue to operate and approve programming until the Fund End Date of 30 August 2013 at which time the Fund may be extended based on an agreement between the UN, PA and AA. The approval of project timelines will take into consideration the Fund End Date.

#### 2.1.2 Resource Mobilization

The PA and the UN established the oPt Trust Fund to support UN Programmes in areas where the UN has a strong track record and a demonstrated ability to deliver. Further the Fund structure offers flexibility necessary to allocate funds to works which are approved and ready for implementation. It is the responsibility of the UN Special Coordinator and the Deputy Special Coordinator/ Resident Coordinator/ Humanitarian Coordinator (RC/HC) as well as



Graph 2.1 Regional Funding Gap, as of May 2012

members of the UN Country Team together with the Government counterparts to mobilize resources for the Fund.

In 2011, the UN Project Information System (UNPRIS) was established capturing current and planned UN recovery and development projects for the oPt. The database contains 412 projects, 230 of which are currently planned. With \$1.1 billion in funding available, the funding gap is \$1.7 billion. Graph 2.1 gives details on the available funds and funding gaps by region. Projects and programmes for which no regional breakdown is available are marked as oPt-wide activities. UNPRIS is a work in progress; therefore, the data is preliminary and updated as UN agencies include their current and planned recovery and development projects.

### **3 Strategic Framework and Governance Arrangements**

The PA developed, with the support of national and international actors, broad and in-depth plans to establish a Palestinian state while meeting the socio-economic needs of Palestinians throughout the oPt, including in Gaza.

The oPt Trust Fund is designed to respond to the following imperatives:

- The importance of further strengthening the alignment of UN programmes and projects with national priorities and establishing a partnership between national authorities, the UN and other actors, including donors, in the allocation of resources for UN supported interventions;
- PA and donor recognition of the UN's role in implementing statebuilding and development interventions throughout the oPt, including early recovery and reconstruction responses in Gaza;
- Donor interest in a UN pooled funding mechanism as one of the funding channels for support to statebuilding, early recovery and reconstruction efforts.

#### **3.1 Palestinian Reform and Development Plan**

The PRDP 2008 – 2010 represents the overarching planning, programming and budgeting framework for the achievement of the Palestinian national policy agenda. As such, it constitutes the main reference for all national and international assistance. The 2010 Government Priority Action Plan provides a programmatic translation of the PRDP's vision and strategies. In addition, the "Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010" was presented to the Sharm el Sheikh Conference held on 2 March 2009. It highlights the coordinated response of the PA and their local and international partners to the devastation inflicted on Gaza in December 2008 and January 2009 and provide a framework for early recovery and reconstruction operations in Gaza.

The Palestinian National Development Plan (NDP) 2011-2013 is predicated on three assumptions: completion of the building of state institutions by August 2011; the future emergence of a sovereign state; and the accelerated socio-economic development needed to secure a safe, stable and prosperous future for all Palestinians. It has laid the basis for additional improvements in PA institutions, and the UN is aligning its programming, in particular in its Medium-Term Response Plan (MTRP), which covers the same years and is described in more detail below. The MTRP, in turn, provides the broad strategic framework to identify the priorities for the oPt Trust Fund.

#### **3.2 Medium Term Response Plan 2011-13**

The UN's programmatic contribution to the PRDP and related national frameworks is reflected in its Medium Term Response Plan (MTRP), 2011-13. Organized around six strategic areas, the MTRP presents where and how the UN system can assist with the achievement of nationally-agreed priorities and needs. The MTRP reflects, inter alia, the UN's statebuilding objectives throughout the oPt, as well as its early recovery and reconstruction goals in Gaza. As such, projects and programmes submitted for funding by the oPt Trust Fund shall clearly demonstrate a contribution to national needs as identified in the aforementioned frameworks and subsequent discussions between the UN, PA, contributing donors, and civil society partners.

### **3.3 Governance Arrangements**

#### **3.3.1 Management Committee**

The oPt Trust Fund is governed by a Management Committee that is co-chaired by the PA and the UN RC/ HC.

The Management Committee also includes the World Bank, contributing donors (on a rotational basis), and two UN Heads of Agencies, also on a rotating basis, designated by the RC. Donors are selected by the Co-Chairs based on geographical and/or financial considerations. Donor composition is reviewed by the Co-Chairs on an annual basis. The AA participates as ex-officio member of the Management Committee. Other participants may be invited on an ad hoc basis, as required, and as observers.

Operating by consensus, the Management Committee shall provide strategic guidance and oversight, agree on funding criteria, and allocate oPt Trust Fund funds per geographic window (in cases where funds have not been earmarked to a particular window) and strategic sector of the MTRP. Decisions by the Management Committee will be informed, inter alia, by on-going analysis of needs and funding gaps in development interventions in the West Bank and in early recovery and reconstruction efforts in Gaza. The Management Committee will review the progress of the oPt Trust Fund operations and ensure reporting to all contributing donors and the PA, with the support of the AA and the oPt Trust Fund Secretariat.

#### **3.3.2 Project Approval Group**

A Project Approval Group (PAG), co-chaired by the PA and the RC or his/her designate and with the participation of two UN Heads of Agencies, on a rotating basis, reviews and approves individual project proposals submitted by the Participating Organizations and national partners and allocates funds. The decisions of the PAG are based on funding criteria and funding envelope agreed by the Management Committee. The PAG may choose to allocate funding through tranches.

#### **3.3.3 Participating Organizations**

Each Participating Organization signs a standardized MOU with UNDP as the AA that sets out the duties and responsibilities of each party. Each Participating Organization thereafter assumes full programmatic and financial accountability for the funds disbursed to it by the AA and carries out its activities in the approved project proposal in accordance with the regulations, rules, directives and procedures applicable to it, using its standard implementation modalities.

#### **3.3.4 Administrative Agent/Multi-Partner Trust Fund Office (MPTF Office)**

The UNDP MPTF Office is the AA for the oPt Trust Fund. It is responsible for the receipt, administration and management of contributions from Donors; disbursement of funds to the Participating Organizations in accordance with instructions from the Management Committee, and consolidation of narrative and financial reports produced by each of the Participating Organizations as well as the provision of these reports to the Management Committee and Donors. The MPTF Office performs the full range of AA functions in accordance with the UNDG-approved "Protocol on the Administrative Agent for MDTF and JP, and One UN Funds".

In line with the MOU concluded between Participating Organizations and the MPTF Office, a clear delineation, including distinct reporting lines and an accountability framework, has been established and is maintained within UNDP between its functions as an AA performed by the MPTF Office and its functions as a Participating Organization performed by UNDP in oPt.

## 4 Project Approval and Decision Making Processes

The oPt Trust Fund ToR and Operational Manual outline the decision making process in detail. In summary, the PAG reviews and approves project proposals of the Participating Organizations and national partners and allocates funds. The decision shall be based on the funding criteria and funding envelope agreed by the Management Committee. Each project proposal submitted will have undergone a various review process to appraise project proposals from relevant sectors before submission to the PAG, and ensure adequate consultation with all relevant national and international stakeholders.

Project funding decisions are made on the basis of an agreed set of criteria including: quality of project proposal, alignment with national priorities, level of participation and ownership by national partners, level of consultation with and buy in from relevant stakeholders, including through the UN strategic area groups and other established peer review mechanisms, demonstrable capacity to implement within the foreseen timeframe, efficiency in use of funds, including limits on certain types of expenditures, and available resources.

Table 4-1 outlines the process followed in the development, submission, review and approval of projects and joint programmes. Detailed guidance is available in the oPt Trust Fund Operational Manual.

**Table 4 -1 Project/Programm Development, Submission, Review and Approval Stages**

| <b>Step/Action</b> |  |
|--------------------|--|
| <b>1</b>           | <b>Management Committee Sets Priorities</b> <ul style="list-style-type: none"><li>• Geographic and sectoral priorities set by Management Committee, based on analysis of ongoing situation and funding gaps</li><li>• Secretariat communicates decision to all Participating Organizations</li></ul>   |
| <b>2</b>           | <b>Project concept note submission</b> <ul style="list-style-type: none"><li>• Participating Organization develops project concept note, in collaboration with relevant actors/partners</li><li>• Participating Organization submits project concept note to Secretariat</li></ul>   |
| <b>3</b>           | <b>Project concept note review</b> <ul style="list-style-type: none"><li>• Secretariat reviews project concept note against agreed criteria, including discussion / meeting with Participating Organization</li><li>• The Secretariat informs, in written communication, the PAG of project concept note and decision to move to full project proposal development</li></ul>   |
| <b>4</b>           | <b>Project proposal development &amp; submission</b> <ul style="list-style-type: none"><li>• Following project concept note review, Participating Organization develops project document</li><li>• Project document is shared / presented to relevant UN MTRP Working Group,</li><li>• At discretion of Participating Organizations, project document is shared / presented with other relevant aid coordination structures</li><li>• Project document, along with all required documentation, is submitted by the participating UN organization to the Secretariat within forty five (45) working days of concept note approval</li><li>• If the project document, along with all required documentation, is received at least seven (7) business days prior to a scheduled PAG meeting, the Secretariat puts the project submission on the agenda of the next PAG meeting and sends the project proposal to the members of the PAG</li></ul> |

## **5 PAG decision**

- Provides “no objection” approval for project proposal
- Rejects the project proposal
- Approves the project proposal with requests for clarification / amendments
- Secretariat informs the Participating Organization of the PAG decision

## **6 Follow up to PAG decision**

- Upon approval with “no objection”, the Secretariat informs and sends all relevant documentation to the MPTF Office
- Upon receipt of all required documentation, the UNDP MPTF Office transfers funds to the Participating Organization
- If the PAG has approved the project proposal with requests for clarification / amendments, the Participating Organization provides additional information at any time within a 30 day time frame
- If the Participating Organization provides the additional information to the Secretariat within a 10 business day time frame, the revised project proposal is submitted to the PAG for electronic review or at PAG meeting, if called by the co-chairs.
- The Secretariat informs the Participating Organization of the PAG decision

## 5 2011 Project/Programme Approvals and Achievements

As highlighted in Table 5-1 below, the Management Committee approved the first project in February 2012 following the deposit of the first donor contribution in December 2011. A total of \$22,368,715 million was approved for implementation by UN Relief and Works Agency for Palestine Refugees (UNRWA) as highlighted below.

Table 5-1 2011 Approved New Projects/Programmes, as of 31 March 2012

| Project Title                         | Region | Participating Organization | Net Total Amount Transferred (USD) | Date of Transfer |
|---------------------------------------|--------|----------------------------|------------------------------------|------------------|
| Improving Access to Education in Gaza | Gaza   | UNRWA                      | 22,368,715                         | 17 Feb 2012      |
| <b>Total</b>                          |        |                            | <b>22,368,715</b>                  |                  |

### 5.1 Programme Achievements:



The first oPt Trust Fund project approved for a total of \$22,368,715 supports UNRWA's project "Improving Access to Education in Gaza". The project supports the construction of 12 UNRWA schools as part of the UNRWA Recovery and Reconstruction Plan, which aims to rebuild 22 old schools and to construct 78 new schools.

Over 1.56 million people live in Gaza, of which 70% are refugees. More than 50% of Gaza's population is under the age of 18 and as many as 44% are under the age of 15. The ongoing conflict and the blockade on Gaza affect all aspects of life and continue to have serious implications for the education sector.

The project will fund the construction of 12 schools which will directly benefit ~25,000 students who reside in two of the most conflict-prone, socio-economically deprived and challenging circumstances of Gaza. In particular, the project would address an acute need for UNRWA educational infrastructure in targeted areas. The construction of four schools in the Gaza City area and eight schools in north Gaza area will lead to an increase in the number of UNRWA students in these areas by 8,400 and 16,800, respectively.

The intended impact of the intervention is to:

*Reduce the number of eligible refugee students denied universal access to UNRWA education.*

The intended outcome of the interventions is:

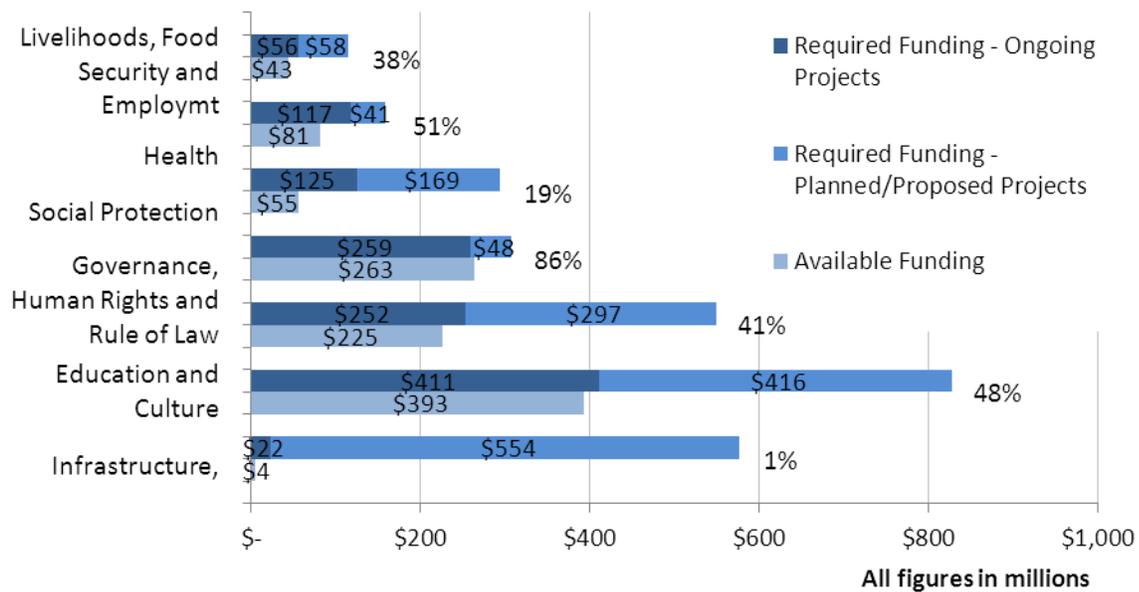
*Improved access to a UN human rights-based education for vulnerable refugee students who are growing up in a conflict situation through the provision of funds to construct educational facilities, enabling the enrolment in areas where no such infrastructure exists or where existing infrastructure is severely overstretched.*

## 5.2 Programmes/Projects Pipeline

As highlighted in Section 2.1.2, the UNPRIS makes available current and planned UN recovery and development projects for the oPt. The database contains 412 projects, 230 of which are currently planned. With \$1.1 billion in funding available, the funding gap is \$1.7 billion.

Graph 5 below highlights the required funding for current and planned/proposed projects by Strategic Area Group (SAG). The level of funding largely depends on the size of the planned and proposed projects. UNPRIS is a work in progress; therefore, the data is preliminary and updated as UN agencies include their current and planned recovery and development projects.

**Graph 5.1 oPt Funding Gap by SAG, as of May 2012**



## **6 Overall Fund Achievements and Challenges**

### **6.1 Achievements**

The primary achievement in 2011 was the operationalization of the oPt Trust Fund with the receipt of the first significant contribution of \$22 million. The United Kingdom's contribution is seen as an important catalyst to enable the UN to demonstrate its capacity to deliver tangible recovery initiatives and encourage other donors and contributors to support the UN's work in the oPt through this mechanism.

The RC, PA and UN Country Team coordinated their efforts and took the required steps to establish the Fund and sustain the momentum, strengthening the oPt Trust Fund as an important pillar of support which enables the UN to deliver jointly.

### **6.2 Challenges**

The oPt Trust Fund was established to consolidate resource mobilization to the UN following the Sharm el Sheikh conference in March 2009, and in support of the PRDP 2008-2010 and subsequent 2011-2013, and Palestinian National Early Recovery and Reconstruction Plan for Gaza 2009-2010, which provides a framework for early recovery and reconstruction activities in Gaza. However, such support did not materialize. The sustained closure and restrictions on imports, exports and movement in Gaza discouraged donors from taking risks. Despite these restrictions, the UN has received approvals for more than \$365 million in projects involving dual-use materials in Gaza, demonstrating the significant comparative advantage of the UN as a partner in this area.

Another challenge faced by the oPt Trust Fund is familiarizing non-traditional donors, particularly from the region, with the practical benefits of the Multi-Partner Trust Fund (MPTF) mechanism as a complement to bi-lateral funding. Broadening historic partnerships and practices away from strictly bi-lateral funding and individual agency implementation towards a combination of bilateral as well as MPTF and joint programming and the UN reform initiative of 'Delivering As One' has indeed proven to be a challenge that will continue to be addressed moving forward.

## 7 Financial Performance

### 7.1 Financial Overview

Table 7-1 Financial Overview, as of 31 December 2011

|   | Current Year<br>(2011) | TOTAL             |
|---|------------------------|-------------------|
| <b>Sources of Funds</b>                                     |                        |                   |
| Gross Donor Contributions                                   | 22,594,661             | 22,594,661        |
| Fund Earned Interest Income                                 | 39,193                 | 39,193            |
| Interest Income Received from Participating Orgs            | -                      | -                 |
| Refunds by Administrative Agent (Interest/Others)           | -                      | -                 |
| Other Revenue   | -                      | -                 |
| <b>Total - Sources of Funds</b>                             | <b>22,633,854</b>      | <b>22,633,854</b> |
| <b>Uses of Funds</b>  |                        |                   |
| Transfers to Participating Organizations                    | -                      | -                 |
| Refunds Received from Participating Organizations           | -                      | -                 |
| <b>Net Funded Amount to Participating Organizations</b>     | <b>-</b>               | <b>-</b>          |
| Administrative Agent Fees                                   | 225,947                | 225,947           |
| Direct Costs (Steering Committees etc.)                     | -                      | -                 |
| Bank Charges  | 267                    | 267               |
| Other Expenditures  | -                      | -                 |
| <b>Total - Uses of Funds</b>                                | <b>226,213</b>         | <b>226,213</b>    |
| <b>Balance of Funds Available with Administrative Agent</b> | <b>22,407,641</b>      | <b>22,407,641</b> |
| Net Funded Amount to Participating Organizations            | -                      | -                 |
| Participating Organizations' Expenditure                    | -                      | -                 |
| <b>Balance of Funds with Participating Organizations</b>    | <b>-</b>               | <b>-</b>          |

Table 7.1 provides an overview of the entire oPt Trust Fund financial portfolio by providing the source, use and balance of funds.

During the reporting period (1 January to 31 December 2011) the first contribution of \$22,594,661 from the United Kingdom Department International Development (DFID) was deposited into the oPt Trust Fund account. This represents 100 per cent of the total commitments made by donors within the reporting period. Of this amount, \$225,947 was charged as the AA fee.

The first donor contribution was received in December 2011. Therefore no funds were transferred to Participating Organizations and no agency earned interest was reported during the reporting period.

## 7.2 Donor Contributions

The first contribution to the oPt Trust Fund during the reporting period was received from the United Kingdom, DFID for a total of \$22,594,661 as highlighted in Table 6.2 below. There were no additional contributions as of 31 December 2011.

**Table 7-2 Total Donor Deposits, as of 31 December 2011**

| Donor                 | Current Year (2011) | TOTAL             |
|-----------------------|---------------------|-------------------|
| United Kingdom - DFID | 22,594,661          | 22,594,661        |
| <b>Total</b>          | <b>22,594,661</b>   | <b>22,594,661</b> |

## 7.3 Earned Interest

**Table 7-3 Received Interest (Agency and Fund), as of 31 December 2011**

|   | Current Year (2011) | TOTAL         |
|---|---------------------|---------------|
| Fund Earned Interest (Administrative Agent)     | 39,193              | 39,193        |
| <b>Total - Fund Earned Interest</b>             | <b>39,193</b>       | <b>39,193</b> |
| <b>Total - Interest Income Received from PO</b> | <b>-</b>            | <b>-</b>      |
| <b>Total Interest Earned</b>                    | <b>39,193</b>       | <b>39,193</b> |

Interest earned from oPt Trust Fund donor contributions is reported from two sources. Fund-earned interest is the interest earned by the MPTF Office as the AA on the balance of funds remaining in the oPt Trust Fund bank account (maintained by UNDP/Treasury). Agency-earned interest is the amount earned by Participating UN Organizations on the undisbursed balance of oPt Trust Fund funds that have been transferred to the Participating Organization(s) for project implementation.

Interest accrues at the Fund level until the oPt Trust Fund Management Committee approves a project or joint programme, at which time the approved funds are transferred to the Participating Organization(s).

As of 31 December 2011, the cumulative total of Fund-earned interest income amounted to \$33,193. As there were no transfers to Participating Organizations in 2011, no Agency level earned interest is reported in 2011.

## 7.4 Transfer of Funds

The first donor deposit was recorded in December; therefore, there were no transfers to Participating Organizations during the reporting period. During the first quarter 2012, the oPt Trust Fund Management

Committee approved the first project for a total of \$22,368,715. The approved funding is given in Table 7-4 below.

**Table 7-4 Net Funded Amount by Participating Organization, as of 31 March 2012**

| Participating Organization | Net Funded Amount   |                   |
|----------------------------|---------------------|-------------------|
|                            | Current Year (2011) | TOTAL             |
| UNRWA                      | 22,368,715          | 22,368,715        |
| <b>Total</b>               | <b>22,368,715</b>   | <b>22,368,715</b> |

Support to Gaza and the West Bank are priorities for the oPt Trust Fund. Therefore contributions are tracked by region. Table 7-5 highlights the approved funding to support 'Improving Access to Education in Gaza', which was approved specifically for activities in Gaza.

**Table 7-5 Net Funded Amounts by Region, as of 31 March 2012**

| Region       | Net Funded Amount   |                   |
|--------------|---------------------|-------------------|
|              | Current Year (2011) | TOTAL             |
| Gaza         | 22,368,715          | 22,368,715        |
| <b>Total</b> | <b>22,368,715</b>   | <b>22,368,715</b> |

#### **7.4.1 Balance of Funds Available**

A balance of \$38,926 remains with the AA as of 31 March 2012. Until such time that the MPTF Office is instructed by the Management Committee to release funding, it will be reflected in balance of funds with the AA.

#### **7.5 Expenditure Reported by Participating Organizations**

There was no expenditure reported in 2011.

#### **7.6 Cost Recovery**

The cost recovery of the oPt Trust Fund is guided by the oPt ToR, and the associated MOU and SAA. For the period from 1 January to 31 December 2011, the actual costs were as follows:

- 1) The MPTF Office AA fee of approximately \$225,947 (one percent of total funds deposited) is charged upon receipt of the donor deposit. The AA fee, as a one-time fee, is used towards covering the required full range of AA responsibilities throughout the duration of the oPt Trust Fund.
- 2) Indirect support costs of Participating Organizations were not incurred during the reporting period given the initial stages of development.

- 3) Direct costs may cover the estimated costs of the oPt Trust Fund Secretariat but no costs were incurred in 2011 for secretariat services.

## **7.7 Transparency and Accountability**

The MPTF Office provides regular information on the operations of the oPt Trust Fund on its GATEWAY page at (<http://mptf.undp.org/factsheet/fund/PS100>). The MPTF Office GATEWAY (<http://mptf.undp.org/>) is a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating Organizations. All narrative reports are posted on the GATEWAY which provides easy access to over 8,000 relevant reports and documents, with tools and tables displaying financial and programme data.

By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partner.

