



Empowered lives.
Resilient nations.

Final Report on Projects Implemented under the Palestine Authority – United Nations Trust Fund (PA-UN Trust Fund)

August 2010 – June 2014



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

31 May 2015

PA-UN 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
MPTF Office	Multi-Partner Trust Fund Office
PA	Palestinian Authority
UN	United Nations
UNDAF	UN Development Assistance Framework
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
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
UNSCO	Office of the UN Special Coordinator for the Middle East Peace Process
UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
WFP	World Food Programme

Definitions

Allocation

Amount approved by the Management Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Management Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement (SAA).

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

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 programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

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

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

Table of Contents

EXECUTIVE SUMMARY	5
INTRODUCTION.....	6
GOVERNANCE ARRANGEMENTS AND PURPOSE OF THE PA-UN TRUST FUND	8
OVERVIEW OF PA-UN PROJECT RESULTS.....	10
LESSONS LEARNED AND WAYS FORWARD	14
FINANCIAL SECTION	15

Executive Summary

The Gaza Strip is home to 1.7 million Palestinians—1.2 million of whom 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 on-going conflict and blockade on Gaza affect all aspects of life, and led to the deterioration of socio-economic and human rights for Palestinians in Gaza, East Jerusalem and the West Bank. Not only have their daily lives become increasingly difficult, but continued violence has led to a series of inter-related challenges including housing issues, economic insecurity (including high unemployment rates and joblessness) and a lack of access to basic social services such as clean water and quality education. As a consequence, children and youth in Gaza are severely affected by this unstable environment and forced to deal with the physical, socio-economic and psychosocial fallout. In such a context the role of education is critical for developing and reinforcing children and youth's positive values, enhancing their resilience and giving them the chance to create better futures. Unfortunately, access to basic services, including education, continues to be seriously affected. The physical school space available for students (1 sq. m per child) is below the United Nations Educational, Scientific and Cultural Organization (UNESCO) standard. Furthermore, the student population is expected to continue growing at a rate of 3% per year.

As a response, the PA-UN Trust Fund was launched in August 2010. The PA-UN Trust Fund was designed to ensure that early recovery and reconstruction activities were implemented in the most effective and efficient manner in the West Bank and Gaza. Established using a common governance structure, the Fund financed UN-supported state building and development goals in the West Bank, and early recovery and reconstruction initiatives in Gaza. As such, the PA-UN Trust Fund constituted 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. The United Kingdom made the first (and only) contribution to the PA-UN Trust Fund in December 2011 for a total of \$22,594,661. The Management Committee approved the first allocation to the United Nations Relief and Works Agency (UNRWA) in 2012 in support of the construction of schools in Gaza. No further programmes have been approved under the PA-UN Trust Fund since 2012.

The primary output of the Fund was to increase vulnerable refugees' access to schools, an aim that led to the construction and/or rehabilitation of 13 schools. As of June 2014, UNRWA exceeded its original target of increasing access to schools for vulnerable refugees through the construction of new schools. The original objective was to construct nine schools; however, by the time the project was completed 13 schools had been erected. Additional constructions were a direct result of savings accumulated throughout the project. As of June 2014, classrooms in newly constructed schools in Gaza catered to 14,068 children/youth. The enrolment rate for refugee children in Gaza is 88%, which is well above the targets set in the project proposal.

Linked to school construction, was the secondary output of improving the socio-economic status of Palestinians through employment generation. In the project design, UNRWA considered setting a target for the number of workdays that could be created through the school construction project. The project successfully generated 420,000 workdays, which benefited the Gaza economy in the form of short-term employment through job creation.

The PA-UN Trust Fund was scheduled to close in August 2013 but was extended to accommodate an extension of project activities. The Fund closed in June 2014.

Introduction

The Gaza Strip is home to 1.7 million Palestinians—1.2 million of whom 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 affected all aspects of daily life. A slight easing of the blockade took place in June 2010, but this was subsequently rescinded following the October 2013 discovery of tunnels leading from Gaza to Israel, which led to further restrictions on the movement of goods and people. As a result, it has been challenging to make meaningful change in oPt in the areas of unemployment, poverty, food insecurity and increasing the overall resilience of a population caught in difficult circumstances. Gaza’s unemployment rate, for example, reached 41% in the first quarter of 2014—a 10% increase from the first quarter of 2013.

The on-going conflict and blockade on Gaza has deteriorated the socio-economic and human rights situations of Palestinians in Gaza, the West Bank and East Jerusalem. Not only have their daily lives become difficult, but continued insecurity has led to a series of inter-related challenges including housing issues, economic insecurity (including high unemployment rates and joblessness) and poor access to basic social services. People living in 150 communities in the West Bank struggle to secure clean water and quality education, and are routinely displaced from their homes.

More worrisome is that children and youth in Gaza suffer physically, socio-economically and psycho-socially as a direct result of the volatile context of their immediate environment. Because of the situation the role of education becomes critical for developing and reinforcing positive values and behaviours, enhancing the resilience of children and youth, and giving them the chance to create better futures. Years of conflict and restrictions on movement have left 80% of the population dependent on international assistance and seriously affected access to basic services—education included.¹

A ban on the import of construction materials between June 2007 and July 2010 impacted the ability of stakeholders to repair and construct schools to meet the needs and demands of the Palestinian population. For many years, school staff was forced to operate on double and triple shifts, which led to reduced class time for students. Early estimates showed that 260 new schools were needed to accommodate the influx of new students and reduce the pressure on overworked schools.²

The physical space available for students (1 sq. m per child) is below the United Nations Educational, Scientific and Cultural Organization (UNESCO) standard. Temporary solutions have involved: more students per classroom, turning shipping containers into makeshift classrooms, and rotating students between classrooms and the

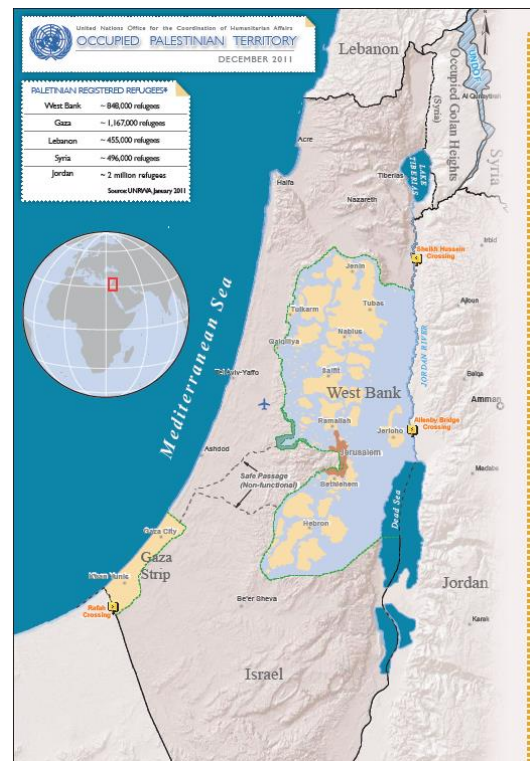


Figure 1 – Map of the Occupied Palestinian Territory

1 UNRWA (2012). “Where UNRWA works- Gaza report.” Pp. 1 (oPt 2012 project progress report).

2 UN OCHA “Special Focus: Easing the blockade.” March 2011 (oPt 2012 project progress report).

schoolyard. While these measures have helped pick up the slack thus far, the student population is expected to continue to grow at 3% per year, which means an increase of 10,000 children each school year.

“For the first time: no more carts pulled by donkeys, no more taxis. The school is few meters away from home; I can even hear the school bell ringing. What a relief!”

Sisters Lubna and Ruba are students at Gaza’s newly constructed Moghragha Elementary School

Furthermore, UNRWA’s capacity in Gaza has been consistently overstretched. The agency runs 238 schools in 125 school buildings (95% of them operate double shifts), many of which are between 50-60 years old. Population growth and the agency’s inability to build new schools, or repair existing ones, has resulted in overcrowded schools with more students enrolled than what the buildings were designed to serve.

As a response, the joint Palestine Authority (PA) – United Nations (UN) Trust Fund (PA-UN Trust Fund) was established in August 2010. The Fund was established under a common governance structure to finance UN supported state building and

development goals in the West Bank, and early recovery and reconstruction efforts in Gaza. As such, the PA-UN 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.

Governance Arrangements and Purpose of the PA-UN Trust Fund

Strategic Framework and Governance Arrangements

The Palestinian National Development Plan 2011-2013 represented the overarching planning, programming and budgeting framework for the achievement of the Palestinian national policy agenda. As such, it acted as the main reference document for all national and international assistance, the PA-UN Trust Fund included. The National Development Plan for 2014-2016 guided development work under the PA-UN Trust Fund throughout the duration of the project. In addition, in 2013 the UN developed its first Development Assistance Framework (UNDAF) for 2014-2016. The UNDAF, the first-ever of its kind for Palestine, is the UN's strategy for development cooperation. Both of these documents guided programmatic work under the PA-UN Trust Fund throughout the duration of the programme.

The PA-UN Trust Fund was governed by a Management Committee, which was co-chaired by the Palestinian Prime Minister, the UN RC/HC, and also included representatives from the World Bank, DFID (the sole donor to the Fund), and two UN Heads of Agencies.³ Operating by consensus, the Management Committee provided strategic guidance and oversight, agreed on funding criteria, and allocated PA-UN Trust Fund assets per geographic window and strategic sector. As of 31 December 2014, the PA-UN Trust Funds expenditure was US\$ 22,368,714.

Purpose of the PA-UN Trust Fund

The PA developed, with the support of national and international actors, plans to establish a Palestinian state with systems and mechanisms that would meet the socio-economic needs of Palestinians throughout the oPt, including Gaza. Within this context, the PA-UN Trust Fund was designed to respond to the following:

- Further strengthen the alignment of UN programmes and projects with national priorities and establish 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 state building and development interventions throughout the oPt, including early recovery and reconstruction responses in Gaza;
- Donor interest in a UN pooled funding mechanism as a funding channel for supporting state building, early recovery and reconstruction efforts.

Established to finance UN supported state building and development goals, the Fund consisted of two distinct windows: one for the West Bank and one for Gaza. Because of UNRWA's presence and reach in the oPt, the school construction project was the only initiative funded under the PA-UN Trust Fund. Most children in Gaza attend UNRWA or PA-run public schools. Government schools have a student population of 233,013 children (Grades 1-12) in 396 schools, while UNRWA serves a student population of 225,098 in 245 schools. All schools provide free basic education to registered refugee children from Grades 1-9. Private schools provide education for over 14,000 students in 33 schools.

³The Fund's Terms of Reference provide a detailed outline of the operations and management of the PA-UN Trust Fund. For more information see the Fund website: <http://mptf.undp.org/factsheet/fund/PS100>.

While all schools use the same PA curriculum as a basis, UNRWA schools employ additional methods and materials that are meant to build the resilience of students so they can better cope with their immediate environments. Human rights and conflict resolution are taught in classes, for example. The human rights curriculum includes references to the significance of the Universal Declaration of Human Rights, and emphasizes the importance of tolerance.

Overview of PA-UN Project Results

The UNRWA project was originally designed to enable 24,000 Palestinian refugee children—those residing in two of the most conflict-prone areas of oPt and who are socio-economically deprived—to have better access to education. This would be accomplished by addressing overcrowding through the financing the construction, equipping and furnishing of 13 UNRWA schools in Gaza. **The primary output focused on improving access to education for 14,068 vulnerable refugee students.** Fund activities also led to a **secondary output, which was generating benefits by way of local employment opportunities (and linked to the construction of new schools).**

Table 1 – Approved New Projects/Programmes (cumulative) as of 31 December 2014

Project Title	Region	Participating Organisation	Net Total Amount Transferred (USD)	Date of Transfer
Improving Access to Education in Gaza	Gaza	UNRWA	22,368,715	17 Feb 2012
Total			22,368,715	

2011 Achievements

The primary achievement in 2011 was the operationalization of the oPt Trust Fund through the receipt of its first contribution of \$22 million from the United Kingdom. This contribution was an important catalyst that enabled the UN to demonstrate its capacity in delivering tangible recovery initiatives, and to encourage other contributors to support the UN’s work in the Occupied Palestinian Territories through this mechanism.

2012 Achievements

One of the biggest successes in 2012 was linking the Fund to the, then, newly developed UNDAF for Palestine for 2014-2016. The UNDAF provides a coherent strategy for the UN’s development work, and by linking the UNRWA project with the UN development framework it positioned the Fund as a reliable financing mechanism that could assist UN agencies in programme implementation, and improve their station in negotiating access to parts of Gaza and Area C in the West Bank. Linking the Trust Fund to the UNDAF also made it easier for donors interested in supporting the UN’s development strategy in Palestine to interact with programme stakeholder and receive frequent updates on all Fund activities.

As of 31 December 2012, 13 schools were under construction and one had been completed. The increase in the number of schools from the originally planned 12 was possible because of cost savings linked to

construction. In relation to this, UNRWA used savings of US\$364,000 to construct an additional floor at the Jabalia camp school.



The Beach Elementary boys school in Gaza where 2,000 children attend classes.

Photo by Nathalie Schmidhauser for UNRWA

School designs were prepared in full accordance with UNRWA standards, and incorporate the use of stock materials and components. Contracting companies registered with the Palestinian Contractors Union in the Gaza Strip were invited to submit a competitive tender for the construction contract. In accordance with its internal rules, UNRWA vetted each company who submitted a bid to verify that no funding was used to benefit terrorist or militant organizations.

2013 Achievements

As of 31 December 2013, UNRWA exceeded the original objective of increasing access to schools for vulnerable refugees by constructing and furnishing 12 new schools. The original target for the project was 9 schools; however, by the end of December, 12 schools had been erected and one was still under construction. The thirteenth school was in addition to the 12 UNRWA initially planned for and came about because of savings made over the lifetime of the project.

While the number of students per classroom in newly constructed schools is slightly below the average for UNRWA schools in Gaza (34 instead of 36), 14,068 students had enrolled in classes in the new schools by the end of May 2015.



“I am so happy to be back at school. When I grow up, I want to become a teacher,” dreams first grade pupil Ahmed Al Sosi.

Photo by Nathalie Schmidhauser for UNRWA

In conjunction with building schools, UNRWA saw the opportunity to forge deliverables on a secondary output, which provided socio-economic benefits to 1,300 individuals from Gaza. The project successfully generated 420,000 workdays, which benefited the Gaza economy in the form of short-term employment through the creation of jobs.

In the context of rising unemployment rates in the construction sector caused by restrictions on the import of construction materials and the closure of illegal smuggling tunnels, this achievement is of particular importance. Following the completion of several schools, the unemployment rate surged to 38.5% in the fourth quarter of 2013, and almost 11,000 jobs were lost in the construction sector between the second and fourth quarters of 2013.

Because of the success in engaging various segments of the community in Gaza, it is clear there are positive impacts linked to implementing short and long-term development interventions that incorporate construction activities. Such initiatives have the capacity to go beyond improving social infrastructure and providing quality services to children and youth by also enhancing the socio-economic status of households in Gaza—and creating jobs for those who would otherwise find themselves unemployed.

2014 Achievements

The construction (and equipping) of twelve out of thirteen of the schools was completed by the end of August 2013 and all schools had students enrol for the first semester of the 2014 school year. The thirteenth school was completed in March 2014 and students signed up for the first semester of the 2015 school year. All schools remain operational at the time of writing this report.

With the exception of two schools all others have a ratio of students per classroom that sits just below the current average for UNRWA schools in Gaza (37 students per classroom). While most schools have between 27 and 39 students per classroom, two boast a ratio of 40 to 42. In addition, only two of the new school buildings employ the double-shift system, while the rest operate on single-shift basis.

The savings accrued were utilized, with DFID approval, to repair and maintain several UNRWA schools that were damaged during the 2014 hostilities. At the height of the conflict, 90 UNRWA schools were converted into Designated Emergency Shelters, with each facility hosting thousands of displaced people. This sustained use of facilities that were not designed as shelters caused significant wear and required extensive rehabilitation. A total of US\$ 285,065 in savings enabled 55 UNRWA school buildings to be reconstructed and maintained.

Challenges

As highlighted in previous annual reports, the leading factors that led to programme delays were caused by an inability of UNRWA to access to land, issues related to project recruitment, and false claims of land ownership and/or usage rights by local parties. While a no-cost extension was the remedy for the (brief) interruption in school construction, the latter challenge of land ownership claims was addressed and resolved through UNRWA's legal department.

In November 2012 escalation of conflict between Gaza and Israel impeded UNRWA's school construction and delayed project activities for two to six weeks. Additionally, the shortage of skilled-labourers in the construction sector also led to delays. As a result, the average time required for school construction was adjusted from nine months to a minimum of 10 months for each school.

In 2013, the ban imposed by the Israeli authorities on the import of certain construction materials into Gaza postponed the construction of the final school. Following intensive negotiations with Coordination of Government Activities in Territories, the suspension was lifted and construction materials exchanged hands as activities resumed in December 2013.

“During the 2014 conflict our school was used as a shelter and a lot of damage resulted from overuse. With help from the UK Department for International Development we were able to renovate the sanitary facilities, repair electricity wires, buy new furniture, restore windows and do all other necessary maintenance work.”

Beach Elementary School Principal Khalid Al Bardaweil

Furthermore, over the course of the project, the PA-UN Trust Fund had difficulties in familiarizing non-traditional donors from the region with the practical benefits of the Multi-Partner Trust Fund (MPTF) mechanism as a complement to bi-lateral funding. It has been a challenge to broaden historic partnerships and practices away from strictly bi-lateral funding to embrace joint programming and the UN 'Delivering As One' initiative.

Actions implemented under the project contributed in different, but complementary, ways towards achieving the UNRWA response. The project assisted to position the agency's education programme in order to increase academic achievement levels for Palestinian refugee students in the Gaza Strip. Emergency and project funding opportunities were used as creatively and extensively as possible to finance many education-related activities but the rapidly increasing student population requires the construction of new schools and employing additional

teachers to meet growing needs. As such, the key challenge to education in Gaza is the high population growth; for at current rates 8,000 new students are set to enter UNRWA schools every year.

Lessons Learned and Ways Forward

Although the Trust Fund did not mobilize additional donor support beyond DFID's original contribution, the success of the UNRWA project is evident: the harmonized cost structure where 8% was set aside for management/administration fees (compared to UNRWA's 11% rate) resulted in almost \$US 698,961 in savings, funds that enabled UNRWA and its partners to construct additional buildings and generate 11,000 workdays for laborers.

UNRWA funds its regular programmes, including education, from its regular budget, which is based on voluntary contributions from major donor countries and following approval from the UN General Assembly. Projects, emergency activities and special initiatives are, nevertheless, funded through special contributions from donors. While funding received through this project is used to cover oversight, construction, furniture and equipment costs—educational staffing and other related recurrent costs must be secured and sustained through the agency's regular budget and/or special donor funded initiatives.



“I truly love teaching. Teaching is everything; it is about changing lives. The children in Gaza are our future, and the future of Palestine. We need to prepare them for life. Studying and learning is the most important; if you don't study, you get nowhere in life. Studying means not giving up hope for a better future.”

*English teacher Samah Zeiada
Photo by Nathalie Schmidhauser for UNRWA*

Financial Section

2014 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the occupied Palestinian territory using the pass-through funding modality as of 31 December 2014. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address:

<http://mptf.undp.org/factsheet/fund/PS100>.

1. SOURCES AND USES OF FUNDS

As of 31 December 2014, one contributor has deposited US\$ 22,594,661 in contributions and US\$ 61,602 has been earned in interest,

bringing the cumulative source of funds to US\$ 22,656,264 (see respectively, Tables 2 and 3).

Of this amount, US\$ 22,368,715 has been transferred to one Participating Organizations, of which US\$ 22,368,714 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 225,947. Table 1 provides an overview of the overall sources, uses, and balance of the occupied Palestinian territory as of 31 December 2014.

Table 1. Financial Overview, as of 31 December 2014 (in US Dollars)*

	Annual 2013	Annual 2014	Cumulative
Sources of Funds			
Gross Contributions	-	-	22,594,661
Fund Earned Interest and Investment Income	224	177	61,602
Interest Income received from Participating Organizations	-	-	-
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	224	177	22,656,264
Use of Funds			
Transfers to Participating Organizations	-	-	22,368,715
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	-	-	22,368,715
Administrative Agent Fees	-	-	225,947
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	5	4	631
Other Expenditures	-	-	-
Total: Uses of Funds	5	4	22,595,292
Change in Fund cash balance with Administrative Agent	219	173	60,972
Opening Fund balance (1 January)	60,580	60,799	-
Closing Fund balance (31 December)	60,799	60,972	60,972
Net Funded Amount to Participating Organizations	-	-	22,368,715
Participating Organizations' Expenditure	929,059	222,356	22,368,714
Balance of Funds with Participating Organizations			1

* Due to rounding of numbers, totals may not add up. This applies to all numbers in this report.

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2014.

Table 2. Contributors' Deposits, as of 31 December 2014 (in US Dollars)

Contributors	Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Total
DEPARTMENT FOR INT'L DEVELOPMENT (DFID)	22,594,661	-	22,594,661
Grand Total	22,594,661	-	22,594,661

3. INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent ('Fund earned interest'), and 2) on the balance of funds held by the Participating Organizations ('Agency earned interest') where their Financial Regulations and Rules allow return of interest

to the AA. As of 31 December 2014, Fund earned interest amounts to US\$ 61,602 and no interest was received from Participating Organizations. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2014 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Total
Administrative Agent			
Fund Earned Interest and Investment Income	61,425	177	61,602
Total: Fund Earned Interest	61,425	177	61,602
Participating Organization			
Total: Agency earned interest			
Grand Total	61,425	177	61,602

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2014, the AA has transferred US\$ 22,368,715 to 1 Participating Organizations (see list below).

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2014 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2013			Current Year Jan-Dec-2014			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNRWA	22,368,715		22,368,715				22,368,715		22,368,715
Grand Total	22,368,715		22,368,715				22,368,715		22,368,715

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2014 were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

As shown in table below, the cumulative net funded amount is US\$ **22,368,715** and cumulative expenditures reported by the Participating Organizations amount to US\$ **22,368,714**. This equates to an overall Fund expenditure delivery rate of **100%**.

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2014 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Cumulative	
UNRWA	22,368,715	22,368,715	22,146,358	222,356	22,368,714	100.00
Grand Total	22,368,715	22,368,715	22,146,358	222,356	22,368,714	100.00

5.3 EXPENDITURE BY PROJECT

Table 5.2 displays the net funded amounts, expenditures reported and the financial delivery rates by Participating Organization.

Table 5.2 Expenditure by Project within Sector, as of 31 December 2014 (in US Dollars)

Sector / Project No. and Project Title		Participating Organization	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
Occupied Palestinian territory						
00081721	GAZA: Improving Access to Educ	UNRWA	22,368,715	22,368,715	22,368,714	100.00
Occupied Palestinian territory: Total			22,368,715	22,368,715	22,368,714	100.00
Grand Total			22,368,715	22,368,715	22,368,714	100.00

5.4 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditures incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditures are reported in the new eight categories. The old and new categories are noted to the right.

Table 6 reflects expenditure reported in the UNDG expense categories. Since the Fund became operational post 1 January 2012, only the new categories are used. In 2014, the majority of the project expenditure went towards general operation costs (83%), with the second highest relegated to equipment, vehicles, furniture and depreciation (14%).

Table 6. Expenditure by UNDG Budget Category, as of 31 December 2014 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2013	Current Year Jan-Dec-2014	Total	
Staff & Personnel Cost (New)	66,664	1,992	68,656	0.33
Suppl, Comm, Materials (New)	315,724	4,438	320,162	1.53
Equip, Veh, Furn, Depn (New)	2,888,063	53,167	2,941,230	14.07
Contractual Services (New)	18,681	385	19,066	0.09
Travel (New)	-	-	-	
Transfers and Grants (New)	-	-	-	
General Operating (New)	17,408,399	147,827	17,556,226	83.98
Programme Costs Total	20,697,531	207,809	20,905,340	100.00
¹ Indirect Support Costs Total	1,448,827	14,547	1,463,374	7.00
Total	22,146,358	222,356	22,368,714	

¹ **Indirect Support Costs** charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2014, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period no amount was deducted in AA-fees. Cumulatively, as of 31 December 2014, US\$ 225,947 has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ 14,547 was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ 1,463,374 as of 31 December 2014.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.

The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.