



Australian Government

Department of Foreign Affairs and Trade

Comprehensive Due Diligence Assessment Report

UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

Assessment completed by:

RSM Australia

OFFICIAL

Comprehensive Due Diligence Assessment Report

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Comprehensive Due Diligence Assessment Report

RISK ASSESSMENT SUMMARY

This table is a summary of the risk assessment applied to each assessment criterion. The rationale for this rating is contained in detail at Attachment A.

Due Diligence Criteria		Risk Rating
Organisational Capacity		
1	Entity Details	s 33(a)(iii), s 47E(d)
2	Past Performance	
3	Technical/Operational Capacity	
4	Financial Viability	
5	Fiduciary Management	
6	Results & Performance Management	
7	Value for Money	

Due Diligence Criteria		Risk Rating
Risk Management		
8	Fraud and Corruption Control	s 33(a)(iii), s 47E(d)
9	Proscribed List Checks	
10	Integrity Systems Checks	
11	Risk Management	
12	Child Protection	
13	Preventing Sexual Exploitation	
14	Environment & Social Safeguards	

DUE DILIGENCE RISK ASSESSMENT RATINGS			
	<p>Low Risk</p> <p>Requirements established and there is demonstrable evidence of effective controls/measures.</p>		<p>Medium Risk</p> <p>Requirements appear to be established and some evidence of controls/measures and there are some risks against minor criteria, which require treatment.</p>
	<p>High Risk*</p> <p>Requirements are not evident and/or little evidence of controls/measures and there are some risks against major criteria, which require treatment.</p>		<p>Very High Risk*</p> <p>Non-performance and/or non-existence of capabilities and no evidence of effectiveness of any practices in one or more of the assessment criteria.</p>
<p>* Rating requires corresponding strengthening option to be listed in this assessment report</p>			

Comprehensive Due Diligence Assessment Report

INTRODUCTION

This due diligence assessment was undertaken on behalf of the Department of Foreign Affairs and Trade (DFAT) and conducted on the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

Information was gathered from various sources [s 33\(a\)\(iii\)](#), [s 47E\(d\)](#)

The assessment was conducted by: RSM Australia

The previous Baseline Plus due diligence review was completed in 2023.

OVERVIEW OF PARTNER

The UN Relief and Works Agency for Palestine Refugees in the Near East, known hereafter as UNRWA / the Agency, is the primary subject of this comprehensive due diligence assessment. Established by United Nations General Assembly Resolution 302 (IV) on 8 December 1949, UNRWA's mandate is to provide direct relief, healthcare, education, emergency assistance and employment programs to support Palestinian refugees. As one of the largest UN programmes, UNRWA is funded almost entirely through voluntary contributions from UN member states and operates across five key regions (fields): Jordan, Lebanon, Syria, the West Bank, and the Gaza Strip. With a workforce of approximately 28,000 personnel, the Agency plays a vital role in delivering essential services to over 5.9 million registered refugees, making it a critical humanitarian partner in the region.

SCOPE OF DFAT RELATIONSHIP

DFAT has a long-standing relationship with UNRWA as a valued partner in the Occupied Palestinian Territories, Lebanon, Syria and Jordan under Australia's humanitarian and development program. DFAT has provided funding to UNRWA since 1951 and is currently negotiating a new Strategic Partnership Framework with UNRWA. Australia recognises UNRWA's contribution to regional stability, through the provision of basic services to Palestinian refugees. Australia is a member of UNRWA's Advisory Commission (AdCom) and the Sub-Committee of the Advisory Commission (Sub-Com).

SUMMARY OF FINDINGS

[s 33\(a\)\(iii\)](#), [s 47E\(d\)](#)

[s 33\(a\)\(iii\)](#), [s 47E\(d\)](#)

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s 33(a)(iii), s 47E(d)

DELEGATE APPROVAL

Reviewing Delegate's Comments (include risk identified & recommended strengthening options if any):		
The report highlights key risks. Managers will need to maintain close engagement with UNRWA in the period ahead to ensure continued compliance with risk frameworks.		
Reviewing Delegate's (Name & Position)	Signature	Date
Marc James Brown FAS MAD	s 22(1)(a)(ii)	4/12/2024
As the Delegate reviewing this report, I am satisfied with the Due Diligence assessment.		

Comprehensive Due Diligence Assessment Report

GLOSSARY OF TERMS AND ACRONYMS

AdCom	Advisory Commission
ASDIP	Area Staff Declaration of Interest Programme
CG	Commissioner-General
CMM	Common Monitoring Matrix
DCG	Deputy Commissioner-General
DFAT	Department of Foreign Affairs and Trade
DIOS	UNRWA Department of Internal Oversight Services
ESF	Environmental and Social Framework
ERP	Enterprise Resource Planning
ERM	Enterprise Risk Management
IASC	Inter-Agency Standing Committee
KPI	Key Performance Indicator
MOPAN	Multilateral Organisation Performance Assessment Network
OIOS	United Nations Office of Internal Oversight Services
PSEAH	Preventing Sexual Exploitation, Abuse and Harassment
RBM	Results Based Monitoring
SEA	Sexual Exploitation and Abuse
SEAH	Sexual Exploitation, Abuse and Harassment
SH	Sexual Harassment
SOP	Standard Operating Procedure
SOW	Statement of Works
Sub-Com	Sub Committee of the Advisory Commission
UNBOA / Board	United Nations Board of Auditors
UNFDP	United Nations Financial Disclosure Programme
UNGA	United Nations General Assembly
UNGM	United Nations Global Marketplace
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

ORGANISATIONAL CAPACITY

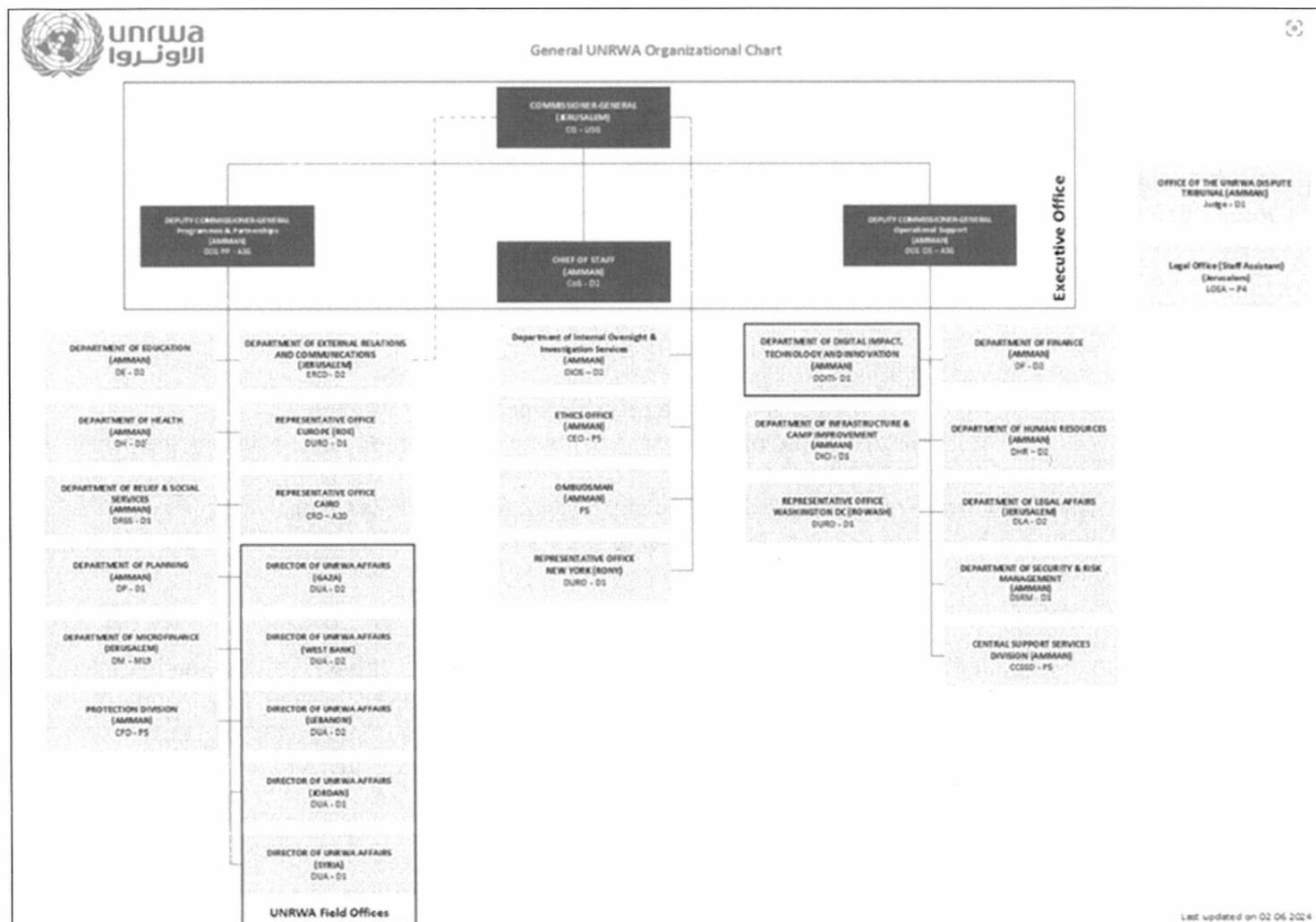
ASSESSMENT CRITERION 1: ENTITY DETAILS

The United Nations Relief and Works Agency for Palestine Refugees (UNRWA/ the Agency) commenced operations on 1 May 1950. UNRWA was established by resolution 302(IV), adopted by the UN General Assembly (UNGA) of 8 December 1949. As a subsidiary body of the UNGA, UNRWA's mandate is subject to renewal every three years. It has constantly been extended since UNRWA's inception.

UNRWA is headquartered in Amman, East Jerusalem, and previously Gaza, and maintains field offices in each of its five areas of operation (fields). UNRWA also maintains representative offices in New York, Brussels, Washington, and Cairo. By the end of 2022, it employed approximately 28,000 staff ^{s 33(a)(iii), s 33(b)}

The Agency's most senior official is the Commissioner-General (CG). Mr Philippe Lazzarini was appointed to the role in March 2020 and is based in UNRWA's West Bank Field Office in its East Jerusalem headquarters. The Commissioner-General is supported by two Deputy Commissioners-General located in the Amman headquarters, the Deputy Commissioner-General (DCG) - Programmes and Partnerships and Deputy Commissioner-General - Operational Support. The CG and DCGs form the executive of UNRWA's organisational structure, which is set out below.

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET



UNRWA does not have an Executive Board; rather, it has an Advisory Commission (AdCom) to assist the Commissioner-General. The Advisory Commission is an advisory body only and does not have any executive authority.

Donors and host countries are represented on the Advisory Commission, which is comprised of 29 members (including Australia) and four observers.

The Advisory Commission meets twice yearly; however, members and observers may meet more regularly through the Sub-Committee of AdCom to assist the AdCom in fulfilling its guidance to the Commissioner-General.

UNRWA has been the subject of criticism over recent years and significant media publicity in the last 12 months. In 2019, the UN Office of Internal Oversight Services (OIOS) was asked by the UN to investigate allegations concerning the UNRWA leadership at the time. Whilst the investigation did not find fraud or mismanagement of public funds, it did find areas that required improvement and strengthening related to governance and management of the organisation.

In the last 12 months, UNRWA has been subject to allegations made by the Government of Israel (beginning in January 2024) that some UNRWA staff may have participated in the 7 October 2023 terror attacks on Israel. In response to these allegations, UNRWA terminated the contracts of some of the staff members, undertook an internal investigation of the allegations and referred the allegations to the UN's Office of Internal Oversight Services.

s 33(a)(iii), s 47E(d)

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

s 33(a)(iii), s 47E(d)

RISK RATING	s 33(a)(iii), s 47E(d)	
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³ On 28 January 2024, the UN Secretary-General announced a UN Office of Internal Oversight Services (OIOS) investigation in response to Israel's allegations that UNRWA staff had been involved in the 7 October 2023 attacks by Hamas against Israel. On 5 August 2024, OIOS announced it had made findings in relation to each of the 19 accused staff members. In one case, no evidence was obtained to support the allegations of the staff member's involvement, while in nine other cases, the evidence obtained was insufficient to support the allegations. In respect of the remaining nine staff, the evidence indicated that the staff members may have been involved in the attacks. UNRWA confirmed that the employment of all these nine staff had been terminated.

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

ORGANISATIONAL CAPACITY

ASSESSMENT CRITERION 2: PAST PERFORMANCE

The assessment of this criterion aims to verify UNRWA's past performance on the strategic partnership between UNRWA and DFAT. The assessment considered the Partner Performance Assessments (PPAs) conducted by DFAT for the past three years and the Multilateral Organisation Performance Assessment Network (MOPAN) Assessment Report released in 2024, which covered the period from 2018 to 2023.

Partner Performance Assessments

PPAs are assessed across six areas with ratings of between 1 and 6 for each area⁴. Performance results from PPAs were reviewed for the Strategic Partnership between DFAT and UNRWA s 33(a)(iii), s 47E(d)

MOPAN Assessment Report

The MOPAN assessment report tells the story of the Multilateral Organisation and its performance within its mandate. The 2024 assessment, which covered the period from July 2018 to April 2023, made the following overall assessment:

KPI	Overall rating
KPI 1: Organisational architecture and financial framework	Satisfactory
KPI 2: Cross-cutting issues	Unsatisfactory
KPI 3: Operating framework	Satisfactory
KPI 4: Cost- and value-conscious systems	Satisfactory
KPI 5: Partnerships support, strategic vision, and impact	Satisfactory
KPI 6: Work in coherent partnerships	Satisfactory
KPI 7: Results management	Satisfactory
KPI 8: Evidence-based planning and programming applied	Satisfactory
KPI 9: Achievement of results	Satisfactory
KPI 10: Relevance to partners	Satisfactory
KPI 11: Efficient delivery	Satisfactory
KPI 12: Sustainability	N/A

⁴ 1 – Very Poor

2 – Poor

3 – Less than adequate

4 – Adequate

5 – Good

6 – Very Good

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

Regarding the unsatisfactory rating of KPI 2, the report evaluated UNRWA's efforts to integrate various cross-cutting issues into its service delivery through policies, frameworks, and guidelines to align them with relevant global normative standards s 33(a)(iii), s 33(b)

Protection alignment reviews (formerly known as protection audits) are recognised as effective tools for promoting and monitoring the Agency's protection agenda, but they were conducted only twice during the assessment period. Evidence indicates that there has been insufficient allocation of human and financial resources to address cross-cutting issues, and efforts to enhance staff capacity in this area have also been hindered by budgetary constraints.

The following are the key observations in terms of strengths and areas of improvement from the review:

Box 2. Main strengths and areas for improvement

Main strengths

- UNRWA's unique and valuable contribution to regional and local stability.
- The Agency's proven ability to consistently deliver quality services to a growing number of eligible beneficiaries under increasingly difficult conditions.
- Proven adaptive capacity to deliver services in worsening conditions (e.g., COVID-19).
- Committed staff with robust contextual understanding.
- Improvements during the assessment timeframe in several functional areas: evaluation and oversight; planning and reporting; and external outreach (to donors, UN).

Areas for Improvement

- Considering the value of developing a more tailored organisational structure, combined with greater delegation of authority to the field and strengthened accountability.
- Improving/replacing UNRWA's physical infrastructure and assets and bolstering digitalisation of work processes and systems, as outlined in the capital investment plan.
- Strengthening performance in cross-cutting policy areas, including gender equality and environmental sustainability.
- Matching capacity in vital back-office functions – which are essential for organisational effectiveness – with the ambitions and requirements of the agency and its donors, including strengthening management and oversight, ERM, PSEAH, ethics, evaluation and HRM.
- Continue to strengthen organisational culture to support effective service delivery in areas including communication; performance monitoring; use of needs assessments; resource mobilisation scenario planning; and a culture of learning and adapting.

Downstream Partners

s 33(a)(iii), s 33(b)

UNRWA largely operates as a direct service provider. UNRWA occasionally engages "downstream" partners (which other UN entities typically refer to as "implementing partners") on an ad-hoc basis. The term "vendors" is typically used by UNRWA for commercial entities from which UNRWA purchases goods or services necessary for the implementation of its mandate. UNRWA's procurement manual details the requirement for UNRWA to evaluate the performance of its downstream partners.

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

ORGANISATIONAL CAPACITY

ASSESSMENT CRITERION 3: TECHNICAL / OPERATIONAL CAPACITY

The objective of the technical and operational capacity criterion is to verify UNRWA's ability to deliver aid outcomes. In undertaking this review, we assessed the skills and experience of key personnel, the organisational structure and external performance assessments.

s 33(a)(iii), s 47E(d)

The work of the leadership team encompasses the following interrelated and interconnected spheres of work:

- 1) vision and direction
- 2) organisational design
- 3) governance and decision-making
- 4) policy and practice
- 5) operational oversight
- 6) internal stakeholder engagement
- 7) advocacy and external stakeholder engagement.

Increasing the frequency, and strengthening the transparency, of UNRWA's communication with donors on its financial situation and on neutrality allegations and breaches was a key finding from the Colonna Review. The most recent update on UNRWA's Colonna Review High Level Action Plan (October 2024), details that work by UNRWA to improve stakeholder engagement is ongoing.

s 33(a)(iii), s 47E(d)

Furthermore, the Agency's leadership team is supported by an Advisory Commission, which consists of 29 members and 4 observers, to advise and assist the leadership group in carrying out the Agency's mandate.

The Colonna Review made recommendations to improve and strengthen UNRWA's governance arrangements. These were for UNRWA to:

- request the Advisory Commission to:
 - convene at the UN in New York at Permanent Representative level once a year
 - set neutrality as a standing agenda item at its twice-yearly meeting
 - create an Advisory Commission Working Group on neutrality and integrity issues, and invite host countries and Israel to present their concerns
- explore additional governance arrangements to assist in providing strategic direction to the organisation and improving external communication.

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

Downstream Partners

As a direct provider of services, UNRWA does not generally operate through third parties, though it does maintain numerous collaborative arrangements with other organisations that work in its fields. Many involve arrangements for referring refugees to services not offered by UNRWA; some involve the provision of technical assistance and support; and others focus on sharing facilities and/or services to promote coherence and efficiency.

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

ORGANISATIONAL CAPACITY

ASSESSMENT CRITERION 4: FINANCIAL VIABILITY

The financial viability assessment aims to verify the underlying financial health of UNRWA. This assessment included a review of UNRWA's 2023 annual report and the 2024 MOPAN assessment report. [s 33\(a\)\(iii\)](#), [s 47E\(d\)](#)

UNRWA's operations are funded through voluntary contributions. The Agency receives financial support via:

- (i) a program budget fund that covers core operations (such as ongoing staff and non-staff expenses) related to education, health, camp improvement, relief and social services, protection, and support systems
- (ii) emergency appeals, including flash appeals, for humanitarian efforts
- (iii) targeted, time-limited projects that enhance services for Palestinian refugees without raising ongoing costs.

UNRWA functions in a resource-constrained environment, with demand for its services consistently exceeding available funding for the past decade. Its operations are almost completely funded through voluntary contributions.

During the last few years, UNRWA faced an exceptionally challenging external operating environment. It dealt with multiple overlapping issues stemming from prolonged social and political instability, further intensified by global economic, environmental, and health crises. The ongoing conflict and worsening socio-economic conditions in Syria, the military action in Gaza, the continued occupation of the West Bank (including East Jerusalem), and the severe socio-economic and political crisis in Lebanon have all worsened the already difficult living conditions for Palestinian refugees. Additionally, the war in Ukraine shifted donor priorities for humanitarian aid and led to significant increases in the costs of fuel, food, and basic living expenses, further burdening governments that were already struggling to meet the needs of their populations amid complex and changing geopolitical circumstances. These events have required UNRWA to pivot its focus and significantly increase its humanitarian and relief activities in Gaza and its other fields of operation.

[s 33\(a\)\(iii\)](#), [s 33\(b\)](#)

Furthermore, during this time, UNRWA has increasingly experienced claims by external parties of alleged breaches of neutrality. This has resulted in additional reputational, political, and financial risks for the Agency. As such, funding has been directly affected by these risks and at times withheld by donors as a result.

[s 33\(a\)\(iii\)](#), [s 33\(b\)](#)

The most recent UNRWA audited financial statements, for the financial year ending 31 December 2023, show that the revenue of UNRWA increased by USD343.15 million, from USD1,190.23 million in 2022 to USD1,533.38 million in 2023. UNRWA reported a surplus of USD72.84 million for the year 2023 (2022: deficit of USD122.16 million). The increase in revenue and surplus is attributable mainly to additional contributions received from donors towards the flash appeal following the outbreak of the conflict in Gaza.

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Revenue and expenses by fund group for the past year are shown in the table below.

Financial performance by fund group for the year ended 31 December 2023

(Millions of United States dollars)

Description	Unearmarked activities		Earmarked activities				Total
	Programme budget	Restricted funds	Microfinance Department	Emergency appeals	Projects	Inter-fund balances	
Revenue	817.03	24.57	9.01	595.40	124.73	(37.35)	1 533.38
Expenses	1 019.00	24.97	11.39	350.73	90.19	(35.75)	1 460.54
Surplus/(deficit)	(201.97)	(0.41)	(2.38)	244.67	34.54	(1.61)	72.84

Source: Financial statements of UNRWA, segment reporting by fund: financial performance as at 31 December 2023.

s 33(a)(iii), s 33(b) in 2023 private sector partners provided USD56.9 million in funding. In the last 12 months, UNRWA has raised nearly USD150 million from UNRWA Spain, UNRWA USA, foundations, non-governmental organisations (NGOs), corporations and individuals. This has been the highest level of support received from these sources. **s 33(a)(iii), s 33(b)**

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

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ORGANISATIONAL CAPACITY

ASSESSMENT CRITERION 5: FIDUCIARY MANAGEMENT

This assessment aims to verify that UNRWA has appropriate fiduciary management processes and systems. In completing this assessment, we reviewed the following, where available:

- financial policies
- financial processes
- operations manuals
- insurance certificates of currency.

s 33(a)(iii), s 33(b)

Budgeting is undertaken based on the three main types of activities: programs, capital projects, and emergency appeals.

UNRWA senior staff and staff members with fiduciary responsibilities are required to annually disclose personal financial assets and outside affiliations and interests. Selected international staff members are required to participate in the United Nations Financial Disclosure Programme (UNFDP), administered by the UN Ethics Office. The UNRWA Ethics Office administers a separate Area Staff Declaration of Interest Programme (ASDIP) for area staff, who are required to disclose outside activities and interests. Both programmes promote awareness of conflict-of-interest situations and preserve and protect the integrity of the Agency and participating staff.

s 33(a)(iii), s 33(b)

UNRWA has an internal audit function that sits within DIOS. The team prepares an annual internal audit plan and carries out audits of UNRWA's systems and processes. The 2024 MOPAN report notes that building sufficient internal audit capacity has been a recurrent challenge for UNRWA. s 33(a)(iii), s 33(b)

; in 2022, UNRWA's internal audit quality was externally assessed against professional framework standards and rated as "Generally Conforms", which is the highest of three possible ratings.

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s 33(a)(iii), s 33(b)

The results of these audits are published publicly on the UNRWA website.

UNRWA is also subject to an annual audit of its financial statements conducted independently by the UN Board of Auditors (UNBOA/Board). The most recent UNRWA audited financial statements, for the financial year ending 31 December 2023 show there were 35 outstanding recommendations up to the year ended 31 December 2022, of which 21 (60 per cent) had been implemented, 10 (29 per cent) were under implementation and 4 (11 per cent) were overtaken by events. With regard to the ageing of the 10 pending recommendations, 3 (30 per cent) had been open for three years, 2 (20 per cent) were two years old and 5 (50 per cent) had been made one year ago.

The Board did not identify material deficiencies in accounts and records that might affect the fair presentation of the financial statements of UNRWA. However, the Board did note the following areas in need of improvement:

- financial and budget management
- asset and inventory management
- human resources management
- relief and social services management
- health programme management
- information and communications technology management and the Microfinance Department.

Recommendations have been made by the UNBOA in relation to the above areas of improvement.

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

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ORGANISATIONAL CAPACITY

ASSESSMENT CRITERION 6: RESULTS & PERFORMANCE MANAGEMENT

This criterion aims to verify UNRWA's approach to performance, including its processes for monitoring and addressing underperformance in program delivery and personnel. s 33(a)(iii), s 47E(d)

Agency performance management processes are documented in the UNRWA Strategic Plan 2023-28 Handbook of Common Indicators. This Handbook of Common Indicators details Common Monitoring Matrix (CMM) indicators along with results calculation methodologies and reporting guidance for UNRWA staff members involved in the data collection, quality assurance and reporting processes. It also includes a summary of the Agency's reporting cycle and timelines, roles and responsibilities; and provides an explanation of the traffic-light assessment employed by the Agency to evaluate performance.

The UNRWA Strategic Plan 2023-2028 presents the Agency's ambition to deliver services that address the evolving human development and protection needs of Palestinian refugees. Under the Strategic Plan, UNRWA has identified seven objectives:

- (i) protection assistance
- (ii) healthcare provision
- (iii) basic education
- (iv) livelihood opportunities
- (v) social assistance
- (vi) shelter, water and sanitation
- (vii) effective and responsible mandate Implementation.

The Strategic Plan Common Monitoring Matrix (CMM) was established to monitor and assess the Agency's performance in achieving the above-listed objectives through the measurement of results against key performance indicators (KPIs) at the outcome and output levels. All UNRWA field offices, programme and support departments and the executive office report against these indicators within the Results-Based Monitoring (RBM) system.

Results data are collected on a quarterly, semi-annual, annual, biennial or mid-term basis. Once collected, this information is entered into the RBM system (the Agency data collection management and reporting tool).

People performance management

UNRWA has a performance management framework for staff. The framework consists of staff policies, including a code of conduct and misconduct policy. Staff also have performance agreements as part of their contracts. All staff are subject to annual performance reviews, with all results maintained in the ePerformance HR system.

Program and project performance management (downstream partner performance management)

The UNRWA Procurement Manual covers Vendor Performance Evaluation and details expectations and process for the ongoing evaluation of a vendor. Vendors should be evaluated on an ongoing basis in order to promote economical and efficient procurement and ensure that UNRWA achieves value for money.

In order to ensure contract compliance, the contract manager is expected to monitor performance on an ongoing basis through reports, meetings, and, if applicable, inspections. The following are addressed in evaluating performance:

- fulfillment of delivery schedule/timely delivery
- compliance with contractual terms and conditions
- adherence to warranty provisions

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- quality of goods or services provided in accordance with the contract
- timely response to UNRWA’s requests
- undue delay of the performance under the contract
- any frivolous claims against UNRWA
- failure to disclose information relevant to performance, such as bankruptcy or litigation
- violations of the UN Supplier Code of Conduct.

A vendor performance evaluation is required after the completion of any contract, i.e. receipt of the purchased goods, completion of the construction works, or after services have been completely provided. Vendor performance evaluation is also required prior to any contract extension.

The contract manager conducts an evaluation of the vendor’s performance, supported by the procurement officer, if necessary. The evaluation must consider the experience with the vendor during the entire contract period.

A previous external audit of UNRWA by the UNBOA (covering the 2022 calendar year) noted a failure by UNRWA to evaluate the performance of existing vendors on a regular basis as per the UNRWA procurement manual. More recently (24 July 2024), UNBOA has reported this as actioned satisfactorily.

s 33(a)(iii), s 47E(d)

s 33(a)(iii), s 47E(d)

RISK RATING

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

ORGANISATIONAL CAPACITY

ASSESSMENT CRITERION 7: VALUE FOR MONEY

The principle of value of money is critical to ensuring resources are used in the most efficient, effective, ethical and economic manner. It is important to note that price is not the only factor when determining value for money; all relevant financial and non-financial factors should be considered.

UNRWA has a documented approach to value for money detailed within the UNRWA Procurement Manual. The manual details that the performance of a vendor should be evaluated on an ongoing basis in order to promote economical and efficient procurement and ensure that UNRWA achieves best value for money.

The UNRWA Procurement Manual also states that best value for money is the trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria. The purpose of public procurement is to obtain the best value for money and to do this it is important to consider, among other factors, the optimum combination of the total cost of ownership (i.e. acquisition cost, cost of maintenance, running costs, and disposal cost) of a purchase and its fitness for purpose (i.e. quality and ability to meet UNRWA's requirements).

This definition allows the compilation of a procurement specifications that include social, economic and environmental policy objectives.

Documentation confirmed the requirement to include a value for money evaluation when undertaking an approach to market. This includes an assessment framework that requires an evaluation of value for money to be documented within the approach to market evaluation documentation.

UNRWA procurement contracts are awarded on the basis of effective competition. The competitive process undertaken by UNRWA to achieve value for money includes:

- procurement planning for identifying appropriate procurement strategy and methodology
- identification of potential suppliers
- no restriction of competition through over-specification, e.g. inclusion of unjustified or unrealistic requirements in specifications and/or terms of reference (TOR)/statement of work (SOW), or under-specification, e.g. omission of essential information in the specifications and/or TOR/SOW
- adequate notification given to the vendor community to ensure that there is sufficient time to participate in the procurement processes
- competition on as wide a geographic basis as is practicable and suited to market circumstances – open competition is the default method of solicitation
- every effort is made to ensure competition and not to place restrictions on vendor eligibility
- consideration of prudent commercial practices
- economies of scale, i.e. quantity discounts, fewer resources invested and reduced administrative costs, achieved when procurement volumes for identical or similar requirements are consolidated in a single tender.

s 33(a)(iii), s 47E(d)

A vendor performance evaluation is required after the completion of any contract, i.e. receipt of the purchased goods, completion of the construction works or after services have been completely provided. A vendor performance evaluation is also required prior to any contract extension.

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

COMPREHENSIVE DUE DILIGENCE ASSESSMENT WORKSHEET

RISK MANAGEMENT

ASSESSMENT CRITERION 8: FRAUD AND CORRUPTION CONTROL

The purpose of the fraud and corruption control criterion is to assess UNRWA's relevant control, prevention, management and reporting systems.

s 33(a)(iii), s 33(b)

UNRWA has an Anti-Fraud & Anti-Corruption Policy (2015) and a Handbook on Ethics & Standards of Conduct, as well as the DIOS Investigation Policy that forms the basis of the UNRWA Fraud and Corruption Control Framework.

s 33(a)(iii), s 33(b)

UNRWA's Department of Internal Oversight Services (DIOS) is responsible for preventing, detecting, deterring and effectively responding to acts of fraud and corruption. As part of the response to the Colonna Review, the number of investigation positions in the DIOS team were increased. Currently the team is resourced with a Chief Investigator, four investigation team members and a neutrality investigator.

Fraud reporting mechanisms within UNRWA include:

- in person (by appointment at UNRWA Headquarters Amman)
- via confidential UNRWA Hotline e-mail
- by submitting an online Complaint Form on the UNRWA intranet
- via country-specific UNRWA Hotline telephone numbers.

Fraud investigations are initially investigated by the Field Managers where the dollar value is less than USD5,000, with larger suspected fraud matters being handled by the DIOS investigators. DIOS uses a case management system (CaseIQ) to track and manage the status of open investigations underway. The investigation reports and documents are stored in a locked SharePoint file maintained by the investigation team.

Depending on the size and nature of the matter, UNRWA may also refer a case to relevant national law enforcement or prosecutorial authorities for criminal investigation and take other action to recover any Agency funds or assets misappropriated.

UNRWA reports on fraud and corruption statistics annually as part of the Agency's reporting obligations and certifications provided to the UNBOA. An annual report summarising the activities of DIOS (including details of the number of fraud and corruption allegations and investigations) is prepared and shared with the Agency's Advisory Commission.

Fraud and Corruption Awareness

UNRWA has developed an e-course on Fraud and Corruption Prevention, which is available to all staff and is mandatory for staff in relevant decision-making positions (e.g. finance, procurement). Fraud and corruption issues are also covered in other UNRWA training courses on ethics that are mandatory for all staff.

s 33(a)(iii), s 33(b)

Downstream Implementing Partners and Vendors

UNRWA's agreements with its downstream partners/vendors stipulate that the vendors uphold UNRWA's principles regarding fraud control and anti-corruption. UNRWA ensures its downstream partners abide by its principles, and audits partners for compliance. All downstream partners/vendors undergo a registration and due diligence process prior to being awarded a contract. Partners provide entity details and supporting documentation and are vetted against the consolidated UN Sanction lists to ensure eligibility.

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Suppliers engaging in business with UNRWA are required to abide by the UN Vendor Code of Conduct, which describes in detail the standards with which they are expected to comply (e.g. shall not engage in corrupt, fraudulent, collusive, and/or coercive practices).

Other Observations

UNRWA has an internal audit function that sits within DIOS. The team prepares an annual internal audit plan and carries out audits of UNRWA's systems and processes. These audits consider the risk of fraud where relevant. Approximately ten audits are carried out each year although, due to resourcing constraints, only one audit has been undertaken in 2024 (as at November). The results of these audits are published on the UNRWA website.

UNRWA is also subject to an annual audit of its financial statements conducted independently by the UNBOA.

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

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RISK MANAGEMENT

ASSESSMENT CRITERION 9: PROSCRIBED LIST CHECKS

The purpose of this criterion is to verify that UNRWA:

- is not listed on the Asian Development Bank (ADB) sanctions list, the World Bank (WB) list of ineligible firms and individuals, the DFAT consolidated list and the Attorney-General's Department (AGD) list of terrorist organisations
- has policies, procedures and systems to verify that downstream partners are not on any of the proscribed lists (above)
- has appropriate policies, procedures and systems to manage the risk of resources being diverted to terrorism.

We undertook proscribed list checks against the following names:

- UNRWA
- key UNRWA leadership personnel
- private donors contributing to the Occupied Palestinian Territories flash appeal in 2023
- identified personnel from the UNRWA Annual report
- limited selection of UNRWA employees selected from LinkedIn and UNRWA website.

No positive results were returned on any of the search criteria.

s 33(a)(iii), s 47E(d)

UNRWA has comprehensive documented policies and a Standard Operating Procedure (SOP) that details the requirements and processes to be undertaken related to the screening of new and ongoing vendors. The SOP also provides guidance on exemptions that may be made during emergencies, urgent situations, or unique field conditions that prevent the full completion of the registration process.

s 33(a)(iii), s 47E(d)

In addition, UNRWA only works with financial institutions⁵ that adhere to banking regulatory frameworks and screen all transactions against UN and regional/national sanctions lists.

Downstream partners are also covered by the processes and policies applicable to all partnerships. All vendors and partners are screened bi-annually against UN sanctions lists. In the event that a match against the list is found, UNRWA takes steps to cease or suspend the relationship.

⁵ The financial institutions are not Australian and generally are European Banks or banks that operate in the countries in which UNRWA conducts its operations.

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The Colonna Review made recommendations in relation to strengthening the transparency of the use of donor funds by UNRWA. These included for UNRWA to:

- establish a framework with interested donors on project management and monitoring to ensure transparency and traceability of projects
- explore the possibility of third-party monitoring for sensitive projects.

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

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RISK MANAGEMENT

ASSESSMENT CRITERION 10: INTEGRITY SYSTEMS CHECKS

The objective of the integrity systems checks criterion is to verify that UNRWA has appropriate character checking and staff screening processes.

s 33(a)(iii), s 33(b)

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s 33(a)(iii), s 33(b)

s 33(a)(iii), s 47E(d)

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s 33(a)(iii), s 47E(d)

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RISK MANAGEMENT

ASSESSMENT CRITERION 11: RISK MANAGEMENT

The objective of this assessment is to verify that UNRWA has appropriate risk management processes and systems. A robust risk management framework helps management make informed decisions, achieve strategic outcomes and understand and respond to risks that may impact objectives, effectiveness and efficiency. The relative success of risk management is dependent upon the effectiveness of the risk management framework applied throughout all levels of an organisation.

s 33(a)(iii), s 33(b)

Previous MOPAN reports and the Colonna Review have identified that risk management processes within UNRWA need to be strengthened. s 33(a)(iii), s 33(b)

A maturity assessment of UNRWA's Enterprise Risk Management undertaken by DIOS in 2022 found that UNRWA was developing in relation to its Enterprise Risk Management (ERM) framework and policy.

s 33(a)(iii), s 47E(d)

UNRWA does assesses, identify and manage risk through:

- Mainstreaming risk management throughout the Agency's Strategic Plan 2023-28, noting that risk management is highlighted as a core strategic priority of the organisation.
- Inclusion of an Agency-wide risk register in Annual Operational Plans that identifies risk categories, causes and consequences of identified risks, mitigation and coping mechanisms, risk owners and monitoring mechanisms. These risk registers are reviewed and updated on a quarterly basis.
- Risk monitoring and reporting processes, including: (i) field-level quarterly reviews; (ii) Agency-wide semi-annual results review; (iii) quarterly review of priorities within Annual Operational Plans; and (iv) biweekly UNRWA Field Office / HQ meetings (meetings between individual field offices and all HQ Departments and the Executive Office).
- Risk analysis is also conducted in relation to contingency planning, including field-specific contingency plans. Through risk analysis, context-specific hazards are identified; their probability of materialization is assessed; and the potential humanitarian impact is determined.
- Risks are also considered through formal decision-making platforms, such as the Executive Advisory Group and the Neutrality Task Force.
- Risk management is embedded into the ways of working at UNRWA as the organisation constantly deals with significant risks to its operations.

To strengthen its risk management systems, UNRWA has established (September 2024) a dedicated risk management team comprised of a Senior Risk Management Advisor and a Risk Management Officer. Both positions have been

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advertised and filled. Both positions (P5 and P3 levels) report directly to the Executive Office s 33(a)(iii), s 33(b)

s 33(a)(iii), s 47E(d)

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s 33(a)(iii), s 47E(d)

[Redacted]

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RISK MANAGEMENT

ASSESSMENT CRITERION 12: CHILD PROTECTION

The objective of this criterion is to verify whether UNRWA is compliant with DFAT's child protection policy and has appropriate child protection policies, procedures and systems.

The nature of the work undertaken by UNRWA meets the DFAT definition of working with children. UNRWA staff have contact with children on a daily basis through the education and health services provided. UNRWA is expected to act in accordance with the five policy principles set out in the DFAT Child protection Policy as well as abide by its own relevant policies, and international declarations, conventions, agreements and domestic legal frameworks.

UNRWA is guided by international standards, including the Minimum Standards for Child Protection in Humanitarian Action and other Inter-Agency Standing Committee (IASC) Guidelines. These broader standards inform UNRWA's six priority guiding principles, which are to be respected throughout all of the Agency's child protection activities: the 'do-no-harm principle', the 'best interests of the child', meaningful child participation, non-discrimination, partnership with other organisations, and sustainability of programming.

Child Protection Policy

UNRWA is committed to child-sensitive service delivery and programming, as highlighted in its Child Protection Framework. The Framework covers the whole of UNRWA's operations and guides all its personnel in its five fields of operation, including downstream partners, especially those in direct contact with children. The Framework builds on the Agency's regulatory framework and existing internal and external policies relevant to child protection.

The aim of the Child Protection Framework is to outline the Agency's intent and commitment to protect Palestinian refugee children, as well as to provide a coherent approach to the diverse child protection activities being undertaken by programme departments and field offices. **s 33(a)(iii), s 33(b)**

The Framework covers the whole of the Agency's operations and guides all UNRWA personnel (including staff members, consultants, day labourers and contractors) in all UNRWA fields of operation, especially those providing assistance to and in direct contact with children.

The following three pillars lay out the Agency's key commitments, priorities, and ways forward as part of the current framework:

Pillar 1: Commitment to child protection and advocating for respect of child rights

Pillar 2: Safeguarding children

Pillar 3: Child-sensitive service and programme delivery.

s 33(a)(iii), s 33(b)

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s 33(a)(iii), s 33(b)

There are currently formal reporting channels available to children, including a hotline and reporting email. UNRWA's "child friendly" posters include details of these channels. Children may also utilise other channels to report child protection incidents. In schools, this includes reporting through a school counsellor, a suggestion box, or school principal. School principals and staff receive training and are provided with an UNRWA focal point for referral of child protection/child safeguarding cases. The same applies to health staff/services.

Recruitment and Selection

Recruitment processes undertaken by UNRWA are designed to prevent known perpetrators of child exploitation and abuse from being recruited.

Training

s 33(a)(iii), s 47E(d) it has mandatory online training on PSEA for all personnel commencing with UNRWA, which must be completed within six months. s 33(a)(iii), s 47E(d)

Face-to-face or virtual UNRWA PSEA training courses are also provided to field staff by Focal Points from time to time.

The MOPAN report details that in 2022, 78 per cent of UNRWA respondents to the 2022 SEA survey stated that they had received SEA training in the last 12 months – an increase from less than 30 per cent in 2018. Despite the greater coverage and increased awareness achieved through e-learning and face-to-face training, interviewees in the MOPAN assessment highlighted a need to further invest in these to make sure that frontline staff, who are most affected but generally least aware of SEA, are better targeted.

UNRWA has developed child-friendly and confidential complaints and reporting mechanisms in schools, enabling children to raise their voices and report safeguarding concerns, and engaging staff and community on preventing child protection risks. As part of this initiative, UNRWA also strengthened its capacity to conduct safe and child-friendly investigations of reported misconduct and its ability to connect children to response services in all field offices.

Investigation of reported misconduct is undertaken by DIOS. s 33(a)(iii), s 33(b)

Downstream Implementing Partners and Vendors

The contractual agreements made between UNRWA and its downstream partners contain several provisions aimed at safeguarding children. UNRWA's implementing partners sign an MoU, which includes a standard 'Representation and Warranties' section, wherein specific provisions on prevention of child labour and SEA are contained. It also includes a general provision requiring the partner and its personnel to adhere to the 'highest ethical principles and standards of conduct'.

The General Conditions of Contract, which are annexed to all UNRWA vendor contracts, contains similar provisions, including that vendors cannot engage in any practices inconsistent with rights set forth in the Convention on the Rights of the Child.

s 33(a)(iii), s 47E(d)

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s 33(a)(iii), s 47E(d)

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s 33(a)(iii), s 47E(d)

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ASSESSMENT CRITERION 13: PREVENTING SEXUAL EXPLOITATION, ABUSE AND HARASSMENT

The objective of this criterion is to verify that UNRWA is compliant with DFAT's Preventing Sexual Exploitation, Abuse and Harassment (PSEAH) Policy and has the appropriate processes and systems in place to mitigate sexual exploitation, abuse and harassment.

UNRWA has a zero-tolerance approach to tackling Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH). UNRWA and its implementing partners are required to take all reasonable steps to prevent SEA and sexual harassment. As a UN agency, UNRWA adheres to the UN SEA protocols and uses tools developed by the Inter-Agency Standing Committee (IASC).

s 33(a)(iii), s 33(b)

UNRWA has adopted the 2019 UN system Model Code of Conduct to prevent harassment, including sexual harassment. The Code of conduct is applicable to all personnel. Other related policies, procedures and resources include:

- Sexual Exploitation & Abuse Complaints Procedure (General Staff Circular No. 07/2010)
- UNRWA Ethics Handbook
- International Staff and Area Staff regulations and rules
- UN wide policies, including Code of Ethics for UN personnel (2009).

The 2024 MOPAN assessment found that, compared to its policies on SEA, UNRWA's internal policies on sexual harassment are relatively light-touch and not fully up to date.

Reporting and investigation

A complaints investigation process has been established. s 33(a)(iii), s 33(b)

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DIOS tracks the number of new sexual harassment cases and reports on these in its Annual Report. Since 2020, the Agency has recorded all SEA allegations and associated reports on these allegations on the UN system-wide iReport Tracker. [s 33\(a\)\(iii\)](#), [s 33\(b\)](#)

Risk management

Field Offices are required to develop and maintain action plans to prevent and respond to SEA incidents. In addition, protection alignment reviews (formerly known as protection audits) are recognised as effective tools for promoting and monitoring the Agency's protection agenda.

[s 33\(a\)\(iii\)](#), [s 33\(b\)](#)

Training

UNRWA has mandatory online trainings on PSEA and Sexual Harassment for all personnel commencing with UNRWA, which must be completed within six months of onboarding. [s 33\(a\)\(iii\)](#), [s 47E\(d\)](#)

The 2024 MOPAN report details that in 2022, 78 per cent of UNRWA respondents to the 2022 SEA survey stated that they had received SEA training in the last 12 months – an increase from less than 30 per cent in 2018. Despite the greater coverage and increased awareness achieved through e-learning and face-to-face training, interviewees in the MOPAN assessment highlighted a need to further invest in these to make sure that frontline staff, who are most affected but generally least aware of SEA, are better targeted.

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Implementing Partners and Vendors

UNRWA's implementing partners and vendors are required to sign an MoU or contract, which includes a standard 'Representation and Warranties' section, wherein specific provisions on prevention of SEA are contained. It also includes a general provision requiring the partner and its personnel to adhere to the 'highest ethical principles and standards of conduct'.

s 33(a)(iii), s 47E(d)

RISK RATING

s 33(a)(iii), s 47E(d)

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SAFEGUARDS

ASSESSMENT CRITERION 14: ENVIRONMENTAL & SOCIAL SAFEGUARDS

The objective of assessing environmental and social safeguards is to verify that UNRWA has adequate policies, procedures, systems and resources in place to identify, assess and manage impacts on the environment and people in a way that meets the requirements of DFAT's environmental and social safeguard policy.

The key principles contained in DFAT's environmental and social safeguard policy include:

- Do no harm.
- Identify, assess and manage environmental and social impacts.
- Engage effectively with stakeholders.
- Work effectively with partners.
- Promote improved environmental and social outcomes.

s 33(a)(iii), s 47E(d)

The 2019 MOPAN report found significant issues in relation to UNRWA's approach to environmental and social safeguards, which MOPAN rated as highly unsatisfactory. The 2024 MOPAN report assessed UNRWA's performance in relation to environmental issues as unsatisfactory, which represents a slight improvement⁶.

Since 2019, UNRWA has released an Environmental Sustainability Policy, and resources a dedicated Environmental and Social Safeguards Team within its Planning Department. A Senior Environmental Manager was appointed in April 2022, supported by two team members.

The Environmental and Sustainability Policy, released in May 2022, articulates the Agency's commitment to environmental sustainability, while providing the framework and overarching principles to guide the mainstreaming of environmental sustainability considerations into UNRWA interventions at Agency Headquarters and its five fields of operation.

Through the policy UNRWA commits to the following seven principles:

Principle 1: Sound environmental stewardship

Principle 2: Efficient use of resources

Principle 3: Stakeholder participation

Principle 4: Catalytic approach

Principle 5: Environmental sustainability and UNRWA programming

Principle 6: Innovation

Principle 7: Modelling best practice.

s 33(a)(iii), s 33(b)

⁶ MOPAN uses four descriptors for rating elements in its report. These descriptors are: Highly unsatisfactory, Unsatisfactory, Satisfactory and Highly Satisfactory. These descriptors are calculated based on the combination of a number of scoring elements. Further information on the MOPAN methodology and rating system can be found in the MOPAN Methodology Manual 2020 on the MOPAN website.

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s 33(a)(iii), s 33(b)

s 33(a)(iii), s 47E(d)

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s 33(a)(iii), s 47E(d)