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European Neighbourhood Policy – THE OCCUPIED PALESTINIAN TERRITORY

EU–Palestinian Authority relations: basic facts

The Interim Association Agreement on Trade and Cooperation with the Palestinian Liberation Organisation on behalf of the Palestinian Authority (PA) is in force since 1997. The ENP Action Plan was adopted in May 2005.

Major developments in 2007

The political situation in the occupied Palestinian territory during 2006 and the first half of 2007 did not allow progress in the bilateral co-operation with the Palestinian Authority within the European Neighbourhood Policy.

The EU is now ready to re-launch the implementation of the EU-PA Action Plan. A Joint Committee meeting with the Palestinian Authority is scheduled for Spring 2008.

Efforts by the Government of Prime Minister Fayyad in areas like the security sector, fiscal redress, and governance are noticeable. Palestinian police has enhanced security in Nablus. The Ministry of Finance has taken bold steps to restore the functioning of public finances.

The European Commission commended the PA Government's efforts to produce the Palestinian Reform and Development Plan 2008-2010, which sets out the vision of the future Palestinian state.

The EU supports reforms in the occupied Palestinian territory by

- Supporting effective, accountable and transparent systems of governance. The Commission chairs the local Governance Strategy Group providing guidance to the Palestinian Authority on governance reform issues, such as public administration, accountability and transparency, and rule of law.
- Supporting to Palestinian democratic processes. The European Commission was the first and largest donor to an independent Palestinian Election Commission. This support helped to ensure that the presidential and legislative elections were held in a free and fair manner.
- Strengthening of rule of law institutions. This includes EU support to empowering the Palestinian judiciary, such as training for judges and court administrators and development of a case law database. Complementary support is provided to Palestinian civil police in coordination with the EU Police Mission EUPOL COPPS, to help the Palestinian Authority establish sustainable and effective policing arrangements.
- Institutional building necessary for a sustainable government, including revenue collection and sound financial management. This includes specific technical assistance to improve the Palestinian Authority's public finance management, tax administration, and customs revenue collection.
- Supporting trade facilitation, advice on import and export procedures, as well as credit guarantees for small and medium size enterprises, to encourage Palestinian economic regeneration and reform.
- To scale up efforts to relieve the socio-economic crisis, the Commission launched in June 2006 a Temporary International Mechanism (TIM) to provide basis assistance to the Palestinians without going to or passing through the Hamas-led government. The Commission gave a total of € 455 million to TIM, and substantial funds were also provided by the EU Member States, bringing the overall EU contribution to over €616 million. Some 150.000 Palestinian households directly received social allowances from the TIM, while 1.3 million people in Gaza benefited from fuel deliveries for hospitals and from water supply and sanitation.
- Building on this success, the new European financial mechanism PEGASE replaced the TIM in February 2008. The mechanism channels assistance in support for the three year Palestinian Reform and Development Plan 2008-2010, which was presented to the Paris Donor Conference. PEGASE provides a predictable and stable flow of assistance to the Palestinian Authority and will support its reform efforts. It supports a broad range of activities in the areas of governance, social and economic development, and public infrastructure.

Assistance to the Palestinians

The European Commission is the lead donor to the Palestinians. Its assistance has increased to €550 million in 2007 from €340 million in 2006 and €270 million in 2005. This was linked to higher emergency and humanitarian needs due to the deterioration of the political and economic situation, especially in the Gaza Strip.

The EU assistance (European Commission + Member States cumulated) has increased from €500 million in 2005, to €688 million in 2006 and to around €1 billion in 2007.

In December 2007, the Commission co-chaired the Paris donors' conference for the Palestinians and pledged €440 million for 2008. This includes substantial support for the Palestinian Reform and Development Plan 2008-2010, support to UNRWA for Palestine refugees, as well as humanitarian and food aid. EU Member States pledged €664 million for 2008.

The Communication from the Commission to the Parliament and the Council *Implementation of the European Neighbourhood Policy in 2007* (3 April 2008) and a report on the occupied Palestinian territory are available at

http://ec.europa.eu/world/enp/documents_en.htm

More on occupied Palestinian territory and ENP

http://ec.europa.eu/external_relations/occupied_palestinian_territory/index_en.htm

http://ec.europa.eu/world/enp/index_en.htm