

Brussels, 20 August 2008

## **EU provides extra €40 million to the Palestinian Authority**

***The European Union has provided an additional €40 million to the Palestinian Authority to help meet its recurrent expenditures and ensure the continued delivery of public services. The funds will be used to help pay for salaries and pensions, social allowances to vulnerable Palestinian families and fuel for the power plant to provide electricity to the people of Gaza. This amount comes on top of the €440 million that the European Commission pledged last December in Paris to assist the Palestinians in 2008<sup>1</sup>. Also today, the EU and the Palestinian Authority (PA) have launched - using part of that €440 million sum - a €37 million public infrastructure investment programme that will bring benefits to the Palestinian people by improving the delivery of public services. The programme will help to upgrade public infrastructure in areas identified by the Palestinian Authority as priorities for new investment, including security and the rule of law and electricity. All the funds are channelled through the European Union assistance mechanism for the Palestinians, PEGASE.***

Benita Ferrero-Waldner, European Commissioner for External Relations and Neighbourhood Policy, said: "*This extra package is a clear indication that we are continuing and reinforcing our commitment to the Palestinian people. In Paris last year we promised to keep supporting the Palestinian institutions and economic recovery with a substantial aid package for 2008. I am proud to say that the Commission has already delivered that package. Today, we are strengthening our commitment by adding €40 million to help the Palestinian Authority to overcome the financial difficulties it is facing.*" The Commissioner added: "*I hope that other donors will continue to make every effort to fulfil their pledges or even go beyond, as we do today. If not, the situation of the Palestinian Authority will continue to be precarious.*"

Part of the €37 million programme launched today – which are part of the €440 million already pledged by the EU in Paris – has already been earmarked by the Palestinian Authority and the EU for priority projects including the construction of new security forces headquarters (Muqata'a) in Nablus, thereby helping to strengthen the ability of the Palestinian Authority to provide security to its citizens.

The use of the remaining funds – including the additional €40 million provided by the EU today – will be agreed between the PA and the EU in the coming weeks, according to the priorities set out in the Palestinian Reform and Development Plan. The programme can pay for projects in both the West Bank and Gaza. This builds on an ongoing programme of EU investment in public infrastructure, worth over €26 million, which is managed directly by the PA.

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<sup>1</sup> See [IP/07/1938](#). Commission co-chairs Palestinian Donors Conference and announces €440 million (\$650 million) to the Palestinians for 2008

The programme includes investment in electricity distribution, solid waste processing, water networks, road construction, school improvement and construction, and the first phase of the Muqata'a.

## **Background**

The European Union is the largest donor to the Palestinian people. Through the EU's new PEGASE mechanism, EU funds help to cover both recurrent expenditures of the Palestinian Authority (such as salaries) and funding for longer term investment programmes. The EU's assistance is targeted towards the priorities set out in the Palestinian Reform and Development Plan, which was presented to the international donor community by Prime Minister Fayyad in December 2007. In the first seven months since PEGASE was launched, the European Union and EU Member States have channelled over €280 million in budget support to the Palestinian Authority.

Further information:

[http://ec.europa.eu/external\\_relations/occupied\\_palestinian\\_territory/index\\_en.htm](http://ec.europa.eu/external_relations/occupied_palestinian_territory/index_en.htm)