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How is the European Commission responding to the needs of the Palestinians

European Community assistance to the Palestinian Authority (PA) began in 1971 with the first contribution to the regular budget of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Since the Oslo Agreements in 1993, European Commission assistance has focused upon providing critical support in key sectors, including the building of institutions for a future Palestinian State. A wide range of projects has been implemented in such sectors as health, education, infrastructure, environment, judiciary, support to small enterprises and capacity building in ministries of the PA.

The outbreak of the Second Intifada in 2000 caused a serious deterioration in the economic and social conditions of the territory. Economic growth stagnated and poverty increased. While the economy grew with 48% percent between 1994 and 1999, currently GDP per capita is almost 40% below its 1999 level. In response to this, the European Commission adapted its support. Firstly, grant assistance increased from an annual average of €137 million (1994-1999) to an annual average of €250 million (2000-2005). Secondly, the assistance was re-orientated to help revive the economy and addressing urgent humanitarian needs, whilst still continuing to assist the PA in preparing itself for statehood.

Political changes in 2006

Following the formation of a Hamas-led government after the January 2006 elections, the humanitarian and socio-economic situation deteriorated even further. As Israel no longer paid the so-called clearance revenues (Palestinian customs duties and value added taxes), representing 60% of PA's regular revenues, the budget of the Palestinian Authority faced a severe crisis.

In response to this, the Quartet agreed to a proposal by the European Commission in May 2006 to establish a mechanism to ensure direct delivery of assistance to the Palestinians. This mechanism was labelled the 'Temporary International Mechanism'.

The Temporary International Mechanism (TIM)

The TIM was established in June 2006 by the European Commission. Initially established for a period of three months, the TIM's mandate has been extended several times and its current mandate ends on 31 March 2008. The European Commission, 15 EU Member States¹, Norway, Switzerland, Australia and Canada have contributed to the TIM.

The TIM provides support through three 'windows':

- Supplies for the health, education and social services, through the Emergency Services Support Programme (ESSP) of the World Bank. Since June 2006, €23 million has been spent under this window.
- Fuel delivery to the Gaza power station which ensures electricity to households, schools, hospitals and public services in the Strip (approximately 40% of the total electricity used in Gaza). This window is entirely funded by the European Commission that has already disbursed over €108 million for this purpose.
- Direct financial relief to vulnerable and poor Palestinians, including public service providers. It concerns support to more than 156,000 Palestinians. So far the TIM has made paid over €354 million for this purpose.

In 2006 the Commission disbursed through the TIM €107.5 million and in 2007 the total Commission contribution to the TIM will be €348 million. In addition donors have contributed an amount of €72 million to the TIM in 2007. Overall Member States and Commission have contributed 98% of total TIM funds (€607 million). As of today, €485 million has been disbursed by the TIM.

With an average family size of 6, over **1 million Palestinians** benefit from direct financial assistance from the TIM.

By ensuring the functioning of the Gaza Power Plant, TIM helps provide access to electricity, water and health care to **over 1.3 million people** in the Gaza Strip.

The TIM is implemented by the TIM management unit in East Jerusalem in the closest possible co-operation with Member States' experts, independent experts and a team of auditors. Comprehensive verification and audit procedures have been developed so as to ensure that funds are spent correctly. Since the formation of the PA Government under the leadership of Prime Minister Fayyad, the TIM is implemented in close co-ordination with the PA government.

Other Actions in support of the PA

Commission support in 2006 and 2007 to the Palestinians has not been limited to the TIM. The UNRWA, responsible for providing social services to over 4 million Palestinian refugees, received EC support for an amount of €110 million in 2006 and €101 million in 2007.

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Spain, Sweden and the UK.

In addition, the Commission has been providing support for:

- the settlement of payment arrears to the private sector by the PA (€20 million in 2007);
- the Partnership for Peace Programme, which promotes direct civil society contacts and co-operation between citizens from Israel, the occupied Palestinian territory and the neighbouring countries (€5 million in 2007);
- civil society initiatives including through European Instrument for Democracy and Human Rights (EIDHR) €10 million in 2006 and 2007;
- social development in East Jerusalem;
- a mental health project implemented by the WHO;
- humanitarian aid through ECHO (€84 million in 2006 and €43 million in 2007);
- food aid to help the most vulnerable people (€26 million in 2006 and €35.3 million in 2007).

All these actions, together with the TIM, have brought the Commission assistance to the Palestinians in 2006 to an amount of €340 million in 2006 and €550 million in 2007.

Further information:

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