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PEGASE and the PRDP

The Palestinian Authority (PA) has prepared a Palestinian Reform and Development Plan (PRDP), which outlines the key budgetary priorities of the government for the years 2008 to 2010. This plan aims to bring stability, as well as social and economic development, to all Palestinians in the occupied territory, and to underpin ongoing efforts to establish a viable and prosperous Palestinian State.

The PRDP was presented to the international community on 17 December 2007 at the Paris donors' conference, where it received strong support, reflected in the record level of pledges, totalling \$7.7 billion for the three-year period.

The EU is strongly committed to supporting the PA's reform and development priorities. So the new PEGASE mechanism will be fully aligned with the PRDP both in terms of duration, three years, and in terms of content. In addition to financing part of the PA's budget deficit, PEGASE will channel assistance for the reform and development agenda along the lines described in the PRDP. It will sustain the PA's efforts in the four key sectors that form the backbone of the PRDP: governance, social affairs, economic and private sector development and infrastructure.

Possible interventions in the four sectors may include for example:

- Governance: fiscal reform, rule of law, justice, accountability, security;
- Social affairs: social protection, health, education (including vocational education and training), employment schemes as well as the provision of basic supplies like fuel;
- Economic and private sector development: trade facilitation, Small and Medium Enterprises guarantee and financing, business centres, quick impact projects such as those proposed by the Quartet Special Representative Tony Blair, as well as payment of private sector arrears;
- Public Infrastructure Development: in the areas of water, environment, energy, basic infrastructure necessary to improve the daily life of the population as well as infrastructure that will enhance the business environment and offer employment opportunities.