



**Palestinian National Authority
Prime Minister Office**



European Union

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FOR IMMEDIATE RELEASE

European Union provides additional €41.4 million to the Palestinian Authority to support its recurrent expenditures in 2010

Prime Minister of the Palestinian Authority, Dr. Salam Fayyad, and the European Union Representative, Mr. Christian Berger, today signed a €41.4 million Financing Agreement in support of the Palestinian Authority's recurrent expenditures until the end of 2010. These funds will be channelled to the Palestinian Authority's payments of salaries and pensions through PEGASE, the European mechanism for support to the Palestinians.

The European Union's financial support to the Palestinian Authority is designed both to help sustain the public services that the PA provides to the Palestinian people and to strengthen the institutions of the future Palestinian state. The €41.4 million financing package will contribute to the payment of civil servants' salaries and pensions, both in Gaza and the West Bank, for November and December 2010. These funds are in addition to a €158.5 million package signed earlier in the year, which has enabled the Palestinian Authority to sustain its operations during the current year with regards to its payment of salaries, pensions and its social protection programme.

The Prime Minister expressed his appreciation for the political and financial support of the European Union to the Palestinian People. Adding” *The Palestinian Authority appreciates this support, the political attitudes and the efforts that are paid by the European Union to revive the peace process, which guarantees the end of occupations and the enablement of establishing the independent state of Palestine in Gaza Strip and the West Bank, and Jerusalem in its heart*”

The EU Representative, Mr Christian Berger, said during the ceremony that *“this additional EU contribution aims to support the Palestinian Authority's efforts to maintain regular salary payments to its employees and ensure the basic delivery of public services to the Palestinian citizens in the West Bank and Gaza. In a particularly challenging year for the Palestinian Authority's fiscal finances, this confirms the European Union's strong commitment to the Palestinian people and to the Palestinian Authority as they strive to lay the foundations of a future viable Palestinian State.”*

Prime Minister Fayyad considered that the European announcement (Council Conclusions) issued last December forms an effective basis to build an international attitude that is capable of giving credibility to the political process in a way that guarantees the end of occupation and the establishment of the state; adding: *“that forms a key to security and peace in the region and a vital interest to its people”*.

Prime Minister Dr. Salam Fayyad stated that the Palestinian National Authority is working towards fulfilling its needs with regards to its operational costs in a self sufficient way, which is what the PNA financial policy aims at. Following the recovery economic plan the PA has successfully

reduced the budget deficit from \$1.8 billion dollar in 2008 to \$1.2 billion in 2010. PM Fayyad mentioned that today's agreement is a response from the EU to the PNA's appeal at New York donor conference last September and said: *"we have additionally received the amount of \$40 million from the World Bank, and the Saudi grant of \$100 million. We are expecting more grants from other international donors especially from the United States."* He added: *"these grants helped in dealing with our financial hardships. However, the PNA still needs more to close the financial deficit."*

Background:

The European Union is the largest single donor to the Palestinian people. Since 2007 it has provided total assistance to the Palestinian people, including civil society organizations and refugees, averaging to €500 million annually. European funds support major reform and development programmes in key ministries, to help prepare the Palestinian Authority for statehood in line with the plan proposed in August 2009 by Prime Minister Salam Fayyad.

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