



Press Release
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Japan and the European Union support the 6th payment of the PA's "Private Sector Reconstruction in Gaza" programme

The Japanese Government and the European Union have made a contribution of over €1.7 million (c. US\$ 2.5 million) to the sixth payment under the Palestinian Authority's "Private Sector Reconstruction in Gaza" (PSRG) programme. This programme is the first large-scale initiative in support of the private sector in the Gaza Strip. The Japanese and European contributions (c. €1.2 million and c. €0.5 million respectively) are both being channelled through PEGASE^[1], the European Union's mechanism for support to the Palestinians.

The Palestinian Authority (PA) established the PSRG programme in the aftermath of Israel's "Operation Cast Lead" to provide financial support to private sector businesses that were destroyed or damaged. It targets businesses that need to restore damaged assets necessary for their activities - funded items include machinery, office furniture and equipment, as well as building and business premise material. The ultimate objective is to revitalize the economic activity in Gaza and provide for sustainable livelihoods for its people.

The European Union committed €22 million to PSRG at the end of 2009. In March 2011, the Japanese Government committed an additional €6.2 million to the programme, which was publicly announced in the presence of PA Prime Minister Fayyad, the Representative of Japan Naofumi Hashimoto and EU Representative Christian Berger in May 2011. Both contributions are being channelled through the European Union's financing mechanism PEGASE, which is open to all donors and has been used by a number of European states. Japan is the first non-European donor to channel contributions to a PA programme through PEGASE.

The sixth PSRG disbursement, which will be covered with both Japanese and European Union funds, amounts to more than €1.7 million (c. US\$ 2.5 million) and will benefit 32 claims by Gaza businesses that will receive second and third instalments of their total PSRG entitlements. It follows five earlier payments under PSRG that took place in July 2010, September 2010, January 2011, June 2011, and August 2011, which benefited almost 660 eligible claims and amounted to c. €13.2 million. Further payments are expected to take place under the PSRG programme in 2011.

Background

Most of the European Union's assistance to the Palestinian Authority is channelled through PEGASE, the financial mechanism launched in 2008 to support the PA Reform and Development Plan (2008-2010) and the subsequent PA Palestinian National Plan (2011-2013). As well as helping to meet a substantial proportion of its running costs, European funds support major reform and development programmes in key ministries, to help prepare the PA for statehood in line with the plan put forward by Prime Minister Salam Fayyad in August 2009. Since February 2008, €1.14 billion have been disbursed through the PEGASE Direct Financial Support programmes. In addition, the EU has provided assistance to the Palestinian people through UNRWA and a wide range of cooperation projects.

Japan's assistance to the PA is extended in a kind of budget support or based on the specific development projects. Japan has been supporting financially and technically economic development

efforts exerted by key ministries, to help prepare the PA for statehood in line with the plan put forward by Prime Minister Salam Fayyad in August 2009. Japan has also provided assistance through UNRWA and other UN agencies including humanitarian assistance, as well as to local NGOs and local councils for their grassroots development projects. Japan's assistance exceeds US\$ 1.19 billion in total since 1993, including around US\$ 100 million extended in Japan's fiscal year 2010.

For further information in Arabic and English on the EU's assistance to the occupied Palestinian territory and the PEGASE mechanism, please visit: <http://eeas.europa.eu/delegations/westbank/>

^[1] *Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique (PEGASE)*

Contacts:

The Office of the European Union Representative:

Antonia Zafeiri: 02 5415 859, 0548 024 915; Shadi Othman: 02 5415 867, 0599 673 958

Representative Office of Japan to the Palestinian Authority:

Keiko Honda: 050 5503832; Nezar Marouf Abdelfattah: 02 241 3120/1