

The European Union and the Palestinians

Real partners make a real difference

"Palestinian institutions have achieved a level of performance above the threshold criteria for a functioning state in key sectors such as revenue and expenditure management, economic development, service delivery, security and justice", Chair's Summary Ad Hoc Liaison Committee¹ meeting, April 2011.

The European Union and the Palestinian Authority A strong partnership in a changing neighbourhood

The basis of the European Union's (EU) work is its long-standing commitment to the vision of an independent and sovereign state of Palestine living side by side with Israel in peace and security. In the framework of the European Neighbourhood Policy (ENP), the EU works closely with the Palestinian Authority (PA) to build viable institutions that are essential to run a democratic state. In a neighbourhood facing new challenges, the partnership between the EU and the PA, guided by the principles of mutual accountability and deep democracy², remains as strong as ever.

Despite many challenges, the Palestinian institution-building process is an international success story. The EU is the largest provider of development aid in the oPt with an annual average of €480 million since 2007. Since 1994 the EU has committed approximately €5 billion in assistance to the Palestinians. In an effort to move towards a sustainable Palestinian economy, create an appealing investment environment, accelerate growth whilst continue improving the living conditions of all Palestinians, the EU currently focuses on three areas of cooperation:



• Rule of Law (Justice, Security, Elections)

Applying the rule of law is fundamental to any democratic and modern state. With the support of the EU, the Palestinian Justice Institutions have improved their quality of work to a degree that the Palestinian public's confidence in the judicial system has significantly increased. EU support to the rule of law now focuses on securing enforcement of court decisions and encouraging reforms that safeguard the independence of judges. In the security sector, the EU works with the Palestinian Civil Police to better protect Palestinian citizens. A dedicated EU mission (EUP LPPS) acts to mentor Palestinian police personnel and provide strategic advice to ensure that the Palestinian criminal justice system complies with international standards. The backbone of the rule of law is the democratic legitimacy of the elections. The EU provides support for the running of elections at all levels as far as political conditions allow it.

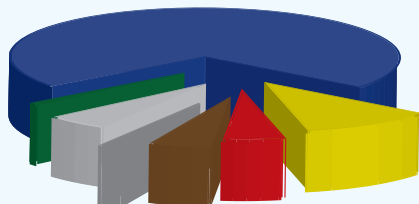
• Private Sector

Despite the restrictions on movement and access, the segregation between the West Bank and Gaza and the ongoing closure in Gaza, developing the Palestinian private sector remains the only way to sustainable economic growth. The EU supports the PA in its efforts to increase private-sector investments and observe and downsize its public sector. To tackle the low productivity of the Palestinian economy, the EU targets its support towards the production of Palestinian goods and services that are competitive in regional and international markets. Increasing the export performance of Palestinian products to new markets is also in the strategic interest of the EU/PA partnership.

• Water and Sanitation

The EU devotes considerable effort in improving access to water and sanitation services through infrastructure developments, especially in areas of the Northern West Bank where water supply is scarce. The EU is supporting the development of wastewater treatment plants in areas like Tubas in the West Bank that allow the re-use of water for agricultural purposes. In Gaza, the EU is investing both in large-scale solid waste management programmes but also in medium-scale projects with high-impact, such as the construction of a desalination facility that will provide safe drinking water to thousands of Gazans. The EU is also supporting projects that foster cooperation between water management authorities in Israel, Jordan and the PA, to ensure better coordination of regional policies.

EU Average Commitments in € million (2008-2012)



■	UNRWA & PEGASE - Direct Financial Support	413.89 (71 %)
■	Rule of Law	- 30.18 (5 %)
■	Private Sector	- 13.80 (2 %)
■	Water & Sanitation	- 30.78 (5 %)
■	East Jerusalem	- 7.13 (1 %)
■	Humanitarian Assistance and Food Aid [E H]	- 59.80 (11 %)
■	Thematic lines including support	- 32.01 (5 %)

EU Assistance in Figures

ENP Instrument In € million on a commitment basis	2008	2009	2010	2011	2012
Rule of Law	14	12	32.3	34.95	27.45
Private Sector	0	22	11	11	11.2
Water & Sanitation	37	18	21	22	25.1
East Jerusalem	2	4.5	6	6	8
UNRWA & PEGASE Direct Financial Support	378	394.97	315.46	360.08	207.03
Thematic lines [incl. support to civil society]	26.73	16.09	16.42	39.94	28.85
Humanitarian Assistance and Food Aid [E H]	43.76	57.15	43.64	48.63	46.03
Overall EU Aid	501.5	524.7	445.8	524.9	358.5



Specific EU assistance to the Palestinian people

The EU places great weight in maintaining the viability of the two-state solution. In this regard, safeguarding the ma or state-building achievements of the PA is crucial. Until a political solution is reached, the whole Palestinian population - including Palestine refugees - must have access to education, health

services and improved livelihoods. The EU is therefore providing specific support to ensure the delivery of basic services to the entire Palestinian population and the improvement of the living conditions of the most vulnerable and isolated as follows:

PEGASE Direct Financial Support

PEGASE³ is a mechanism for channelling the EU assistance in support of the PA and the implementation of its development and reform priorities. Through the PEGASE Direct Financial Support programmes the EU helps the PA meet its recurring expenditure in a regular and predictable manner, whilst it moves ahead with structural and policy reforms. The EU makes annual contributions to the PA's expenditure for salaries and pensions, as well as social allowances to households living in extreme poverty. For social allowances the EU contribution covers almost half of annual public expenditure. This is coupled with programmes strengthening the PA's capacity to move forward with a social protection policy and civil service reform. PEGASE also helps reduce the stock of arrears of the PA towards private sector businesses and provides financial support to private sector businesses. Through PEGASE the EU supports the PA's efforts to establish an efficient, transparent and well-structured public finance administration and national audit system. The PEGASE instrument is an open mechanism that seeks to facilitate support from EU Member States and other donors wishing to channel funds to the Palestinian Authority.

Supporting Palestinian Population in East Jerusalem

In line with the EU's position that, for genuine peace, a way must be found through negotiations for Jerusalem to become the future capital of two states, the EU seeks to improve the socio-economic conditions of Palestinians living in East Jerusalem, targeting specifically youth, women and the disabled. Through the work of civil society, and in coordination with the ffice of the President of the Palestine Liberation rganisation (PL), the EU East Jerusalem Programme supports actions in the fields of housing, urban planning, legal aid, health and social welfare, education, and economic development - including the promotion of the tourism and cultural sectors.

Supporting Palestinian Population in Area C

Promoting the social and economic development in Area – that constitutes 60 of the West Bank and is the main land reserve of the future Palestinian state – is critical to the viability of a two-state solution. As a first step, the EU is considering providing financial support to businesses in the agricultural sector located in Area in order to resume and/or sustain their economic activity. The EU also supports the development and realization of master plans with the involvement of the local Palestinian communities and in dialogue with Israeli authorities.

UNRWA interventions for Palestinian Refugees

The EU is the largest donor to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). This funding has enabled the agency to address the essential humanitarian needs of Palestine refugees and promote human development by providing education, health, relief, and protection programming.

1 The Ad Hoc Liaison ommittee (AHL) is a 15-member committee coordinating development assistance to the Palestinian people.

2 Principles guiding the EU relationship with its neighbours through the revised European Neighbourhood Policy

3 Mécanisme Palestino-Européen de Gestion de l'Aide Socio-économique



EU and the Middle East Peace Process

The basis of the EU's work is its long-standing commitment to the vision of an independent and sovereign state of Palestine living side by side with Israel in peace and security. The bottom-up process of building the institutions of the future Palestinian state is complemented by political work. The EU – with the UN, the US and Russia – is a member of the so-called 'Quartet' which mediates between the two parties in an effort to advance the two-state solution. Moreover, EU Member States have appointed a Special Representative whose mandate is to defend the EU's policy objectives vis- -vis the Middle East Peace Process. The EU Partnership for Peace Programme promotes an environment favourable to peace and tolerance through non state actors' oint actions on the ground.

EU's Humanitarian Assistance

In addition to the cooperation work, the EU provides humanitarian aid to the most vulnerable Palestinian population through its dedicated E H (European ommission's Directorate-General for Humanitarian Aid) office. The sectors covered are food assistance, water, health, psycho-social support, livelihood support through temporary ob creation and protection.

EU and its Member States in the oPt

Since the Treaty of Lisbon was put into force (December 2009), the EU is tasked with coordinating the political and cooperation work of the 22 Member States which are represented in the oPt. The EU and its Member States together provide an average of €1 billion of aid annually. An 'EU Local Strategy on Development ooperation' has been developed by the EU and its Member States to harmonize the work done in the oPt and ensure that EU aid delivery is effective, coherent and sustainable.

EU engagement with Civil Society

The EU has developed a long-standing relationship with civil society organisations in the oPt and is largely supporting the Non State Actors with different types of programmes: from the promotion of governance, human rights and gender equality to cultural initiatives for the preservation of the Palestinian heritage and identity. Aware of the important role of the civil society organisations in development policies and strategies, the EU encourages oint policy dialogue in the framework of the European Neighbourhood Policy (ENP).

