
European Commission to support the Palestinians with €280 million in 2005

IP/05/1159 Brussels, 19 September 2005

On the eve of the Quartet meeting (EU, US, UN and Russia) in New York on 20th September, the European Commission can announce that its allocation to the Palestinians in 2005 will be greater than foreseen, at around €280 million. This package includes a substantial contribution to tackling the priorities identified by Quartet Special Envoy James Wolfensohn in the aftermath of the Israelis' withdrawal from Gaza. A special €60 million allocation will help revive the Palestinian economy and create institutions capable of addressing the new responsibilities arising following disengagement. These efforts are designed to maintain the momentum created by Gaza withdrawal, and ensure that this important event leads on to full implementation of the Roadmap.

In New York for the Quartet meeting, the Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner commented:

"Only Israel and Palestine can make peace – but Europe is playing its part in the international Quartet to create the environment in which peace can take root".

She added:

"Our substantial assistance package will make an important contribution to achieving the objectives Jim Wolfensohn has highlighted. We are taking very practical action to regenerate Gaza, and help prepare the Palestinians for statehood. Having led the way in support for reform efforts in the Palestinian Authority, we are now helping to lay the foundations for a viable Palestinian economy".

Consolidating the gains from Gaza withdrawal

Quartet special envoy James Wolfensohn has identified 6 priority areas for action in the aftermath of Israel's disengagement: border crossings, the West Bank/Gaza link, Movement in the West Bank, the Air and Sea Ports, demolition of Houses in the Settlements, and the Greenhouses.

The Commission is undertaking a number of actions in response to these priorities. It is ready to facilitate and contribute to construction of the sea port ready to start rehabilitation of the airport including the construction of a cargo terminal is already providing support to the Palestinian customs authorities, and is ready to contribute to a third country presence at the border, if all parties agree. If momentum is to be maintained after Gaza withdrawal, it is vital that the disengagement should bring tangible improvements in living conditions for the Palestinians.

To help achieve this, the Commission has launched a €60 million package composed of the following elements:

Infrastructure Facility: €40 million. A variety of projects will help restore provision of essential services such as water, transport and energy. These projects will also generate employment. Institution building: €12 million. This package is designed to help the Palestinians assume governance responsibilities following the Israeli disengagement in areas including rule of law, financial control, trade liberalization and development. Social services: €8 million. This package supports education and health with a particular focus on East Jerusalem. EU support to the Palestinians in 2005 also includes:

Laying the foundations for statehood

Support to the World Bank Reform Trust Fund: €70 million. This contribution continues the EU's tradition of offering support for the Palestinian Authority conditional on the achievement of the reforms necessary to create a viable Palestinian state. Support for projects which bring Israeli and Palestinian civil society together: €10 million Relieving suffering

United Nations Works and Refugee Agency: €64 million. The Commission is the second largest contributor to the UNRWA general Fund. Food Aid and Food security: €29 million. Humanitarian aid: €28 million. Restoring Growth

To relieve poverty in the Palestinian territories, it will be essential to restore growth. The EU has provided extensive support for Small and Medium-sized Enterprises and private-sector development. Work is underway with the European Investment Bank to identify further areas for collaboration. The EU has also increased the quotas for Palestinian agricultural products to make possible an increase in exports.

Taking the contributions of the Commission and the EU member states together, the European Union provides around €500 million each year to promote stability, economic regeneration, and reform.