

Brussels, 28 October 2002

Commission approves EUR 29 million in support of Palestinian reform efforts and in response to the deteriorating situation on the ground

The European Commission is providing a further €7 million for humanitarian aid operations in the Palestinian Territories, another €7 million towards reform of the Palestinian judiciary, €5 million in emergency support for the private sector, and €10 million in support of the health sector. This aid will be channelled through the EU Humanitarian Aid Office (ECHO) and the EuropeAid Co-operation Office. The European Commission is anxious to ensure full access for the delivery of its assistance. Since mid-2001 there have been over 20 incidents involving European NGOs, other contractors working for the European Commission and EC officials who have been prevented from carrying out their tasks properly. External Relations Commissioner Chris Patten said: "The projects sponsored by the European Commission are concrete initiatives in response to the worsening crisis and in support of the ongoing Palestinian reform process. Israel must make it easier for humanitarian workers to do their job in the Palestinian territories." Commissioner for Development and Humanitarian Aid Poul Nielson commented: "The humanitarian crisis facing the Palestinian people is deepening and I am concerned at the increasingly difficult situation on the ground for humanitarian missions in the region. I urge Israel to allow full, safe, and unfettered access to those in desperate need who depend on international assistance."

Humanitarian assistance worth €7 million, channelled through ECHO, will be used to support the most vulnerable Palestinians in both the West Bank and Gaza. In the course of the last six months the intensification of conflict has further exacerbated the ongoing humanitarian crisis in the Middle East, leading to the need for new and larger scale activities. This decision responds to the increasing humanitarian needs of the Palestinian population by providing food and non-food items. Field assessments in the region have illustrated a growing problem in families' food supplies. Purchasing power is decreasing, since many households no longer have an income. Due to closures, farmers in rural areas are unable to market their products. Assistance is needed to ensure an adequate living standard and to prevent the problems from worsening.

The funding will cover the distribution of monthly vouchers for the most vulnerable families, provision of student and school kits, as well as complementary food packages for malnourished children and their families. Support is also being provided in the field of water and sanitation and in medical assistance through health care programmes necessary to meet the urgent needs of the Palestinian population.

In addition ECHO is supporting the protection activities undertaken by the International Committee of the Red Cross (ICRC) designed to ensure that civilians are accorded the full protection foreseen under International Humanitarian Law.

ECHO's partners in the region, which include Non-Governmental Organisations (NGOs), Red Cross-organisations and the United Nations Office for the Co-ordination of Humanitarian Affairs (OCHA) will implement the projects. ECHO has a long-standing commitment to help all victims of the Middle East crises. Its support to the region amounts to over €78 million since the beginning of 2000.

A further four projects worth €22 million are announced today, to continue support for the Palestinian reform process, and bilateral co-operation with the Palestinian Authority. These will be channelled through the EuropeAid Cooperation Office.

- **Health sector: €5 million** will be used to address the deterioration in the provision of health services by Palestinian hospitals in East-Jerusalem. These face a severe financial crisis, due to the general impoverishment of the community, the loss of coverage under Israeli Health Insurance and a drop in the contribution from the Palestinian Authority. This support package will help to restore the viability of Palestinian hospitals in East-Jerusalem in terms of services provision, management and training.
- **Another €5 million** will be devoted to strengthening the overall capacity of the PA Ministry of Health so that it is better placed over the medium term to address the ever-increasing strains on the PA health service in the West Bank and Gaza.
- **Judicial reform:** An International Task Force and the Quartet has more recently identified reform of the Palestinian judiciary as key priority. The **€7 million** assistance programme announced today, aims to reinforce the independence and autonomy of the judiciary; increase systematic training; introduce new procedural laws; improve material working conditions - including the provision of an adequate information system; and reduce delays in the treatment of pending cases. The overall aim of the Commission assistance in this sector is to assist the Palestinian Authority in establishing a modern, efficient and independent judicial system according to international best standards.
- **Private sector:** The international community recognises the importance of the private sector recovery within the overall context of the peace process. Most of East Jerusalem's economy is service-based and tourism-oriented. The current crisis has had a devastating effect on the private sector in East Jerusalem and the absence of tourists since the outbreak of the second Intifada has placed most Palestinian business in a very difficult situation resulting in arrears, which, through increased creditors' pressure, threatens them with liquidation, asset confiscation and business closure. In this context, the Commission will provide **€5 million** in financial assistance to address the emergency situation faced by small businesses. This decision will provide for a capital fund, in the form of a revolving fund, to address the most urgent financial needs of Palestinian SMEs in East Jerusalem.

Background

The contributions mentioned above are in addition to increased support to United Nation's Relief and Works Agency for Palestine Refugees (UNRWA) general fund of €237 million over the next four years (2002 - 2005) recently signed by Commissioner Chris Patten. (See [IP/02/1438](#))

The overall financial support for Palestinian Territories by the EC since 2000 amounts to € 294,5 million humanitarian aid and € 443,5 million other supports including forecasts up to the end of 2002. (Details on the overall support since 1994 can be found in the annex)

European Commission and EIB Assistance to the Palestinians and the Peace Process since Oslo

(in € million on a commitment basis)

Sector	1994	1995	1996	1997	1998	1999	2000	2001	2002 (up to Oct)	1994-2002 by sector	2002 (incl. forecast)
Humanitarian Aid – ECHO interventions and food aid	5,00	5,35	9,00	6,65	6,69	6,75	18,20	29,96	30,00	117,60	50,00
Emergency food aid, Post Injury Rehabilitation, Psycho-Social Support, Water, Electricity, Non-Food Humanitarian items, Shelter Rehabilitation, including to Palestinian refugees outside the West Bank & Gaza											
Development assistance to PA + Palestinian NGOs	74,08	68,76	50,53	45,92	61,68	57,30	34,31	7,29	39,23	439,10	99,68
Infrastructure, health, environment, technical assistance, judiciary, human rights, food security, NGO co-financing, private sector, risk capital and interest subsidies for EIB operations											
Support to the Palestinian Administration to help meet urgent current expenses	10,00	25,00	20,00	25,00	-	-	90,00	40,00	80,00	290,00	100,00
For social sectors, health, salaries, municipalities (including budgetary assistance as of 2000/2001 - subject to conditions on budgetary austerity, administrative and financial reform monitored by IMF)											
Middle East Peace Projects/ People to People programme	-	11,30	-	15,00	5,10	21,73	22,90	-	-	76,03	-
Israeli/Arab/Palestinian co-operation on government and civil society level											
CFSP Counter-Terrorism Programme	-	-	-	7,20	-	-	6,19	3,81	-	17,20	-
CFSP budget, training of PA security services by Member States agencies											
Assistance Grants Total:	89,08	110,41	79,53	99,77	73,47	85,78	171,60	81,06	149,23	939,93	249,68
EC Support to Refugees through UNRWA**	31,80	32,90	34,20	35,30	38,50	38,30	40,24	57,25	55,00	363,49	55,00
Contribution to UNWRA's general fund											
Food Aid programme with UNRWA	15,00	8,20	12,00	11,91	12,20	13,00	13,80	15,00	15,00	116,11	15,00
Food assistance through Relief & Social Services, Health and Education programmes, cash assistance to Special Hardship Cases											
UNRWA Total:	46,80	41,10	46,20	47,21	50,70	51,30	54,04	72,25	70,00	479,60	70,00
Grants Total:	135,88	151,51	125,73	146,98	124,17	137,08	225,64	153,31	219,23	1.419,53	319,68
EIB Loans	-	26,00	53,00	15,00	102,00	18,00	16,00	-	-	230,00	-
Private Sector, Infrastructure											
Grants and Loans Total:	135,88	177,51	178,73	161,98	226,17	155,08	241,64	153,31	219,23	1.649,53	319,68
TOTAL ASSISTANCE 1994-2002:	1,65 billion Euros (1.75 billion including 2002 forecast)										
Disbursements 1999-2002 in € million excl. EIB Loans***						69,00	121,00	229,00	254,00	Disbursement/ Commitment Rate 1999-2002:	
DISBURSEMENTS TOTAL:									673,00	92%	

* ECHO operations for the Palestinians have no pre-programmed allocations because of the emergency situation and will therefore be decided throughout 2002 according to arising humanitarian needs

** United Nations Relief and Works Agency for Palestinian Refugees - The 2001 contribution of 57.3 MEURO includes a one-time emergency grant of 15 MEURO to help cover UNRWA's 2001 deficit.

*** Since the EC assistance to the Palestinians is spread over several different budget lines, exact disbursement numbers are difficult to aggregate for the overall assistance in real time. The amounts provided here are reliable estimates, including disbu