

**COMMISSION DECISION  
C (2008) 8267 of 17/12/2008**

**on a special measure (part I) for the ENPI 2009 in favour of the occupied Palestinian territory to be financed under Article 19 08 01 02 of the general budget of the European Communities**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to European Parliament and Council Regulation (EC) No 1638/2006 of 24 October 2006 laying down the general provisions establishing a European Neighbourhood and Partnership Instrument and in particular Article 13.2 thereof,

Whereas:

- (1) Since 2002 the Commission set priorities for co-operation with the occupied Palestinian territory on an ad hoc basis and Article 13 of Regulation (EC) n° 1638/2006 provides for the adoption of special measures in the event of unforeseen and duly justified needs or circumstances. Given the difficult situation within the occupied Palestinian territory, no strategy paper or multi-annual indicative programme has been established covering 2008.
- (2) The criteria set out in Regulation (EC) n° 1638/2006 and conditions for the special measure have been fulfilled.
- (3) The Council of General Affairs and External Relations of 10 December 2007 stated that *"The Paris Donors' conference in December will be an important opportunity for the whole international community to back up its commitment to assist in the economic and financial development of a future viable Palestinian State and to provide the necessary support to the post- Annapolis process. In this context, the EU looks forward to the Palestinian Reform and Development Plan"*.
- (4) The Council of General Affairs and External Relations of 28 January 2008 stated that *"The EU is committed to providing substantial financial support for the Palestinian people, and welcomes the work of the Commission to launch a new funding mechanism PEGASE, which will constitute a key channel for EU and other international assistance"*.
- (5) The present decision constitutes a financing decision within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup> and Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002

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<sup>1</sup> OJEU L 248 of 16.09.2002 p. 1. Regulation last amended by Regulation (EC, Euratom) No1995/2006 (OJEU L 390, 30.12.2006, p.1) ) and by Council Regulation (EC) N° 1525/2007 of 17 December 2007 (OJ L 343, 27.12.2007, p.9).

laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>.

- (6) The Commission is required to define the term “substantial change” in the meaning of Article 90 (4) of Regulation (EC, Euratom) No 2342/2002 to ensure that any substantial change in this decision shall follow the same procedure as the initial decision.
- (7) The special measure provided for in this decision is in accordance with the opinion of the ENPI Committee set up under Article 26 of Regulation (EC) No 1638/2006,

**HAS DECIDED AS FOLLOWS:**

#### *Article 1*

The special measure for the ENPI in favour of the occupied Palestinian territory constituted by the action "Contribution to PEGASE Support to Recurrent Expenditures of the PA and UNRWA" ("PEGASE: Support to Recurrent Expenditures of the PA" (EUR 168 million); "UNRWA: Support to the Organisational Development Plan" (EUR 1 million); UNRWA: Contribution to the 2009 Regular Budget" (EUR 66 million), the text of which is set out in the Annex, is approved.

#### *Article 2*

The maximum contribution of the Community is set at EUR 235 000 000 to be financed within the limits of the available resources of budget Article 19 08 01 02 of the general budget of the European Communities for 2009.

#### *Article 3*

Within the global indicative budget of all the specific actions, cumulated changes not exceeding 20% of the maximum contribution of the Community, shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the special measure.

The authorising officer by delegation may introduce non substantial changes to the special measure in accordance with the principles of sound financial management.

#### *Article 4*

The implementation of this special measure is subject to the adoption of the EC budget 2009 by the Budgetary Authority.

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<sup>2</sup> OJEU L 357 of 31.12 2002, p.1. Regulation last amended by Regulation (CE, Euratom) No 478/2007 (OJEU L 111, 28.04.2007, p.13).

Done at Brussels,

*For the Commission*  
*Benita FERRERO-WALDNER*  
*Member of the Commission*

## ANNEX

### **Summary**

At the beginning of the year, the EC responded to the different political developments of 2007 (AHLC, Annapolis, Paris Donor Conference), by launching a new mechanism, PEGASE, to support the Palestinian Authority (PA) in the implementation of the Palestinian Reform and Development Plan (PRDP).

In 2008 the PA has made significant progress on the reforms laid out in the PRDP (containment of the wage bill, reactivation of the budget process and reduction its budget deficit), although the tightening of Israeli movement and access restrictions have prevented economic growth and fiscal stabilisation. Despite these reforms, the fiscal crisis persists: external financing requirements for 2008 are projected at \$1.85 billion of which \$1.2 billion have been already disbursed.

Since 1 February 2008, PEGASE has provided EUR 322 million for direct financial support, out of which EUR 216 million have been provided from the European Commission funds and EUR 106 million from EU Member States (Belgium, Germany, Italy, Malta, Netherlands, Slovenia, Spain, Sweden and UK). A further EUR 42 million (which includes EUR 1 million from Austria) is under decision procedure and will ensure continued PEGASE support until the end of 2008.

This special measure contains a contribution to PEGASE in support of the PRDP, and a contribution to support UNRWA for the benefit of Palestine refugees:

This decision responds to the call of the Palestinian Authority to continue PEGASE support to recurrent expenditures, the highest priority for the PA, stressing the importance to make it available early 2009. This decision will allow PEGASE to continue helping the PA meet its obligations towards civil employees, pensioners and vulnerable sectors of Palestinian society and maintain essential services for the population. While the funds available (EUR 168 million), will allow to keep a high level of EC support, it is estimated that donors will continue to contribute extensively, also channelling their funds through PEGASE.

In complement to the PEGASE actions the EC will continue its regular annual contribution to the UNRWA General Budget (EUR 66 million) to provide support to the education, health and relief and social services programmes of the UNRWA for Palestine refugees. An additional EUR 1 million is also made available to UNRWA to continue EC support to the ongoing organisational reform of the institution which is now at its consolidation stage.

This special measure (Part I) constitutes the first tranche of the total funds foreseen for 2009 under the ENPI budget for Palestine, the peace process and UNRWA. An additional special measure (Part II), which currently foresees development expenditure will be launched shortly.