

COMMISSION DECISION

C(2009)8489 of 09/11/2009

a Pilot Project for Finance for Agricultural Production in the Occupied Palestinian Territory to be financed under Article 21 02 04 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 a Pilot Project within the meaning of Article 49(6)(a) of Council Regulation (EC, Euratom N° 1605/2002 of 25 June 2002 on the financial Regulation applicable to the general budget of the European Communities (OJL 248, 16.9.2002, p.1) as last amended by Regulation (EC) N° 1525/2007 (OJL 343, 27.12.2007, p.9),

Whereas:

- (1) Rural microfinance is a sector underdeveloped in the Occupied Palestinian Territory. The formal banking sector does not consider the agricultural sector as a potential sector for investment. The Micro Finance Institutions see this sector as a risky area, requiring specifically designed products and qualified staff. Nevertheless, developing financial services for agriculture, as far as agriculture outputs are mostly oriented to local markets, could impact positively on the food security situation in the Occupied Palestinian Territory, both by increasing the income of smallholder farmers and by increasing local supply of food items.
- (2) .The objective pursued by this Pilot Project is to increase food security in the Occupied Palestinian Territory both through an increase in agricultural production and an increase in the incomes of smallholder farmers through the provision of financial services (micro-loans) in rural areas for agricultural production purposes. This Pilot Project will increase the capacity of a new Micro Finance Institution, fully dedicated to agriculture, to provide agricultural loans in rural areas, including the remote ones. The project is intended to verify whether there is indeed a demand for such a financial instrument as well as the absorption capacity to effectively use it.
- (3) 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 Communities¹ and Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002

¹ 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 Communities².

- (4) The present decision covers any possible interest due for late payment on the basis of articles 93 of the Council Regulation (EC, Euratom) No 1605/2002 and 106(5) of Commission Regulation (EC, Euratom) No 2342/2002.
- (5) 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.

HAS DECIDED AS FOLLOWS:

Article 1

The Pilot Project – Finance for Agricultural Production - constituted by the action "Rural Microfinance: Pilot Project for Agricultural Production in Palestine" (EUR 1 million) in favour of the Occupied Palestinian Territory, the text of which is set out in the Annex, is approved.

Article 2

The maximum contribution of the Community is set at EUR 1 million to be financed within the limits of the available resources of budget Article 21 02 04 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 responsible authorising officer may introduce non substantial changes to the pilot project in accordance with the principles of sound financial management.

Done at Brussels,

For the Commission
Benita FERRERO-WALDNER
Member of the Commission

² 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).

ANNEX

Annex: Action Fiche "Rural Microfinance: Pilot Project for Agricultural Production in Palestine"