



# PALESTINE\*

## Southern Neighbourhood



### Key milestones

- 1997**  
Signature of the Interim Association Agreement on trade and cooperation between the EU and the Palestine Liberation Organisation on behalf of the Palestinian Authority
- 2008**  
Launch of the financial mechanism in support of the Palestinian Authority Reform and Development Plan (PEGASE)
- 2013**  
Adoption of the **EU-Palestine Action Plan**, which was prolonged in early 2019 until end 2021. The validity is being further extended to January 2025
- 2017**  
Adoption of the **European Joint Strategy in support of Palestine 2017-2020** 'Towards a democratic and accountable Palestinian State'
- 2021**  
Signature of the latest **EU-UNRWA Joint Declaration**, ensuring continued support to the mandate and essential services provided by UNRWA through predictable, multi-annual financial resources. Continued reforms and modernization efforts are also at the core of the declaration
- 2022**  
The validity of the EU Palestine Action Plan has been extended to January 2025



### Cooperation priorities



Governance Reform, Fiscal Consolidation and Policy



Rule of Law, Justice, Citizen Safety and Human Rights



Sustainable Service Delivery



Access to Self-Sufficient Water and Energy Services



Sustainable Economic Development



### Trade & investment

- In 2020, EU was Palestine's second largest trading partner behind Israel, representing **9.9%** of its total trade. With a **13%** share, the EU was the second largest exporter to Palestine behind Israel (54.9%). The EU was Palestine's sixth largest export destination (1.5%)
- The value of EU exports to Palestine has risen from €33 million in 2002 to €218.3 million in 2020 (an increase of nearly 700%). The value of EU imports from Palestine has risen from less than €7 million in 2002 to more than €25 million in 2020. Although this represents an increase of over 350% but the volume is still far below potential.



### Mobility

**2,475** Palestinian students, professors and university staff travelled to Europe and **1,240** European counterparts travelled to Palestine between 2015 and 2020.



### EU support to Palestinians

- The **Neighbourhood, Development and International Cooperation Instrument** (NDICI) is the main instrument for the EU's cooperation and development with the European neighbourhood partners, including in the Southern Neighbourhood, for the period 2021-2027. The individual measure 2021 for € 224.8 million included support to different areas: the various components of the PEGASE programme, sustainable economic development, two major infrastructure projects in Gaza and EU commitment towards gender related issues.
- In 2021, the European Union has disbursed **€92 million** in support of the operations of the United Nations Relief and Works Agency for Palestine Refugees (UNRWA). This funding will contribute to maintaining basic living conditions and access to essential services. In 2022, **€97 million** have been allocated to supporting the agency, including €15 million from the food and resilience facility
- Overall, the EU provided **€2.2 billion** in grant financing support different priorities mainly through the **European Neighbourhood Instrument** in the period from 2014 until 2020.
  - The EU support to **UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)** in 2020 amounted to **€102.3 million**.
  - The **PEGASE programme** helps the **Palestinian Authority (PA)** to improve access to public services and build effective and accountable institutions, thereby maintaining the viability of the two-state solution.
  - The EU supports actions aiming to attract investments, contribute to sustainable economic development and create jobs with a focus on green economy. **The EU-Palestine Investment Platform** launched in December 2020.
  - In 2020, the EU leveraged over **€400 million** in soft loans and investment.
  - The EU is supporting the development of the digital economy, notably through the **Gaza Gateway programme**. The EU also aims at improving access to energy and water services, including in Gaza, through major infrastructure projects for desalination and energy provision.



### COVID-19 crisis response

The EU reacted fast and responded to the urgent needs. As part of the Team Europe package of €373 million, the EU mobilised a tailor-made response package of **€153 million**, to support health related needs and socio-economic recovery. The EU is working to respond to the economic challenges and the social impact of the crisis by supporting incomes and providing assistance to the poorest households, and to create an enabling environment for the development of the private sector. EU funds also target Palestinian refugees through its support to UNRWA. Palestine receives vaccines through the COVAX Facility, supported by Team Europe with over €3 billion, and bilaterally from EU Member States.

\* This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of Member States on this issue