



The European Commission and the Palestinian Authority agree on emergency financial support and the principles for a recovery and resilience programme

Brussels, 19 July 2024

The European Commission and the Palestinian Authority have signed a **Letter of Intent** which sets out a strategy for addressing the critical budgetary and fiscal situation of the Palestinian Authority and the Palestinian economy, whose structural vulnerabilities have been exacerbated by the consequences of the war in Gaza and much-needed pending developments and reforms.

European Commission President Ursula **von der Leyen** said: *"Israelis, Palestinians and the entire region deserve peace, security and stability. The two-state solution is the best way to ensure this. With this joint strategy, we are supporting the Palestinian Authority's reform efforts. Together, we are laying the groundwork for economic and political stability in the West Bank. And we are setting the foundations for the reconstruction of Gaza. We need an immediate and enduring ceasefire. And we must prepare for the day after."*

The strategy aims at stabilising the Palestinian Authority and the economy in the West Bank. Coupled with a substantial and credible reform agenda by the Palestinian Authority, it is laying the foundations for recovery and building resilience. The strategy will also aim at creating better conditions for the reconstruction of Gaza once the circumstances on the ground allow this.

As a first step, the EU will provide **short-term emergency financial support** to the Palestinian Authority to address its most pressing financial needs and support its substantial and credible reform agenda. The financial support, worth €400 million in grants and loans, will be disbursed in three payments between July and September 2024, subject to progress in the implementation of the reform agenda of the Palestinian Authority.

The short-term financial support will pave the way for a **Comprehensive Programme for Palestinian Recovery and Resilience**. **Funding from other donors** will also be needed; the Commission is, therefore, proposing to set up a Palestine donor coordination platform as of autumn 2024, until the end of 2026. The Commission will present a legislative proposal for this programme in early September, so that payments may start before the end of the year, provided the conditions are met.

The multi-annual support programme should allow the Palestinian Authority to reach budgetary equilibrium by 2026 and ensure its long-term financial sustainability thereafter. The Programme will be contingent on the implementation of its reform agenda in line with the Palestinian Authority's own strategy. It would start in autumn 2024 and last until the end of 2026.

The Palestinian Authority's reform strategy seeks to ensure budgetary sustainability, while modernising the Palestinian administration and its governance, combatting corruption, advancing the rule of law and transparency, reforming the social security and education systems, improving the business environment, and strengthening the foundations of a market-based economy. All disbursements will be based on the Palestinian Authority's progress towards the agreed-upon reform milestones. The resources required for the reconstruction of Gaza are not covered as such by this Programme and will need to be identified separately as part of a wider collective effort by the international community.

The Palestinian Authority and the Commission agreed to establish a donor coordination platform to streamline support to the Palestinian Authority in cooperation with key international partners.

Additionally, the programme aims to contribute to improving economic and financial relations between Israel and the Palestinian Authority, including regular payments of the clearance tax revenues due to the Palestinian Authority and the removal of access restrictions on Palestinian workers.

Background

The European Union is the biggest provider of external assistance to the Palestinians, amounting to indicatively almost €1.2 billion for 2021-2024 under the European Joint Strategy, of which €809.4 million have already been adopted.

For More Information

[Letter of Intent](#)

[Palestine website](#)

[Factsheet: EU – Palestine relations](#)

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Quotes:

"Israelis, Palestinians and the entire region deserve peace, security and stability. The two-state solution is the best way to ensure this. With this joint strategy, we are supporting the Palestinian Authority's reform efforts. Together, we are laying the groundwork for economic and political stability in the West Bank. And we are setting the foundations for the reconstruction of Gaza. We need an immediate and enduring ceasefire. And we must prepare for the day after."

Ursula von der Leyen, President of the European Commission

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