COMMISSION IMPLEMENTING DECISION

of 29.2.2016

on the Annual Action Programme 2016 part 1 in favour of Palestine to be financed from the general budget of the European Union
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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union’s instruments for financing external action\(^1\), and in particular Article 2 thereof,


Whereas:

(1) The Commission has adopted a Single Support Framework (SSF) for the period 2014-2015\(^3\), which was extended until the end of 2016, providing for the following priorities:
   – Support to governance at local and national levels;
   – Support to the private sector and economic development;
   – Support to water and land development.

In addition to the three focal sectors, and considering that Palestine has not yet attained statehood, the SSF also envisages temporary measures in support to the Palestinian Authority through PEGASE\(^4\) and to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) and yearly contributions for East Jerusalem.

(2) The situation in Palestine continues to deteriorate with no immediate prospects for the peace negotiations; the Gaza Strip living conditions are worsening under all aspects and finally the deep fiscal and economic crisis of the Palestinian Authority and the chronic deficit of UNRWA, put the delivery of basic services to the Palestinian people at risk.

(3) The protracted crisis situation linked to the stagnation of the Middle East Peace Process and the fact that Palestine has not yet attained statehood continues to require specific temporary support measures to contribute to maintaining the viability of the two-state solution.

\(^1\) OJ L 77, 15.3.2014, p. 95.
\(^3\) C(2014) 5128 of 25.07.2014.
\(^4\) Mécanisme Palestino-Européen de Gestion de l’Aide Socio-Economique.
(4) Through PEGASE Direct financial support, the EU has contributed substantially to the recurrent expenditure of the national budget of the Palestinian Authority, with systematic, predictable and unconditional contributions to the payment of Palestinian Authority's civil servants' salaries and pensions; of social allowances to the poorest and most vulnerable Palestinians families and, since 2013 to health referral of "East Jerusalem hospitals".

In the absence of a solution to the Palestine refugee problem, the General Assembly has repeatedly renewed UNRWA's mandate. Among United Nations Agencies, UNRWA is unique in delivering services directly to beneficiaries. The European Union remains keeps supporting the Agency to sustain essential basic services to Palestine refugees.

(5) The objectives pursued by this Annual Action Programme, to be financed under Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument, are to provide urgent financial support to the Palestinian Authority and to UNRWA to keep the delivery of basic services to the Palestinian people.

(6) The action entitled "PEGASE: Direct Financial Support to Recurrent Expenditures of the Palestinian Authority 2016" aims at supporting the Palestinian Authority to deliver to the Palestinian population essential basic services by maintaining the functioning of the administration; at improving the economic opportunities of poor, vulnerable and isolated population; and at supporting the Palestinian Authority in reducing its budget deficit and implementing its reform agenda while increasing its transparency and accountability.

(7) The action entitled "UNRWA: EU Contribution to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) 2016 Programme Budget" aims at supporting UNRWA to deliver to the Palestinian refugee population essential basic services; improving the economic opportunities of poor, vulnerable and isolated population; and increasing the Agency's transparency and accountability.

(8) It is necessary to adopt a financing Decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.

(9) It is necessary to adopt a work programme for grants, the detailed rules on which are set out in Article 128(1) of Regulation (EU, Euratom) No 966/2012 and in Article 188(1) of Commission Delegated Regulation (EU) No 1268/2012. The work programme is constituted by the Annex 2 (section 5.3.2).

(10) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. These entities comply with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.

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5 OJ L 77, 15.3.2014, p. 27.
(11) The authorising officer responsible should be able to award grants without a call for proposals provided that the conditions for an exception to a call for proposals in accordance with Article 190 of Commission Delegated Regulation (EU) No 1268/2012 are fulfilled.

(12) The Commission should authorise the eligibility of costs under indirect management as of a date preceding the adoption of this Decision or under direct management as of a date preceding that of submission of a grant application, for the reasons of extreme urgency in crisis management aid or in situations of imminent or immediate danger to the stability of a country, including by an armed conflict, where an early involvement engagement of the Union may prevent an escalation.

(13) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Commission Delegated Regulation (EU) No 1268/2012.

(14) Pursuant to Article 94(4) of Commission Delegated Regulation No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

(15) The action provided for in this Decision is in accordance with the opinion of the European Neighbourhood Instrument (ENI) Committee set up by Article 15 of the financing instrument referred to in Recital 5,

HAS DECIDED AS FOLLOWS:

**Article 1**

**Adoption of the measure**

The Annual Action Programme 2016 part 1 in favour of Palestine, as set out in the Annexes, is approved:

The programme shall include the following actions:

- Annex 1: PEGASE Direct Financial Support to Recurrent Expenditures of the Palestinian Authority 2016

**Article 2**

**Financial contribution**

The maximum contribution of the European Union for the implementation of the programme referred to in Article 1 is set at EUR 252.5 million and shall be financed from budget line 22 04 01 04 of the general budget of the European Union for 2016.

The financial contribution provided for in the first paragraph may also cover interest due for late payment.
Article 3

Implementation modalities

The section “Implementation Issues” of the Annex to this Decision sets out the elements required by Article 94(2) of Commission Delegated Regulation (EU) No 1268/2012.

Grants may be awarded without a call for proposals by the authorising officer responsible in accordance with Article 190 of Commission Delegated Regulation (EU) No 1268/2012.

The eligibility of costs under indirect management prior to the adoption of this Decision or prior to the submission of a grant application shall be authorised as of the dates set out in the Annex 2.

Article 4

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set by the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94(4) of Commission Delegated Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 29.2.2016

For the Commission
Johannes HAHN
Member of the Commission