

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(93) 719final

(94)002(SYN)

(94)003(SYN)

Brussels, 10 January 1994

PROPOSAL FOR A  
COUNCIL REGULATION (EC) No

(94)002(SYN)

on financial and technical cooperation with the Occupied Territories

PROPOSAL FOR  
COUNCIL REGULATION (EC) No

(94)003(SYN)

on financial and technical cooperation with the Occupied Territories  
and amending Council Regulation (EEC) No 1763/92 concerning financial  
cooperation in respect of all Mediterranean non-member countries

(presented by the Commission)

EXPLANATORY MEMORANDUM

In view of the progress made in the peace process, it has been agreed to step up considerably Community aid to the Palestinians in the form of a five-year programme, through which will be channelled ECU 250 million in the form of grants. This money will come from the Community budget and will be supplemented by an equivalent amount in European Investment Bank loans from own resources, which will be underwritten by the Community. The Commission notes that the subject of Community support for the Middle East peace process is addressed in its communication of 29 September 1993 to the Council and Parliament (COM 458/93 final).

The Commission has attached a proposal for a Regulation laying down the detailed arrangements and the rules for the administration of aid financed by the Community budget.

Furthermore, the arrangements for "horizontal" financial cooperation to implement the new Mediterranean policy made provision for appropriate operations in the Occupied Territories. The Commission has therefore drawn up a proposal for a Regulation amending Regulation (EEC) No 1763/92 on financial cooperation in order to extend its application to the Occupied Territories. The Regulation provides for a five-year programme (1992-96) with financing from the Community budget and EIB loans. Some loans (environment projects) qualify for interest-rate subsidies.

(94)002(SYN)

Proposal for a  
Council Regulation (EC) No

on financial and technical cooperation with the Occupied Territories

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130w thereof,

Having regard to the proposal from the Commission,

In agreement with Parliament,

Whereas, having regard to the greater requirements that will be generated in the territories of the West Bank of the Jordan and the Gaza Strip, hereinafter referred to as the "Occupied Territories", as a result of recent developments in the Middle East peace process, new measures in the form of economic and social cooperation should be implemented in the said Territories in order to foster sustainable economic and social development, taking account of the experience acquired by the Community as a major provider of aid to the Palestinian people;

Whereas to this end there should be a five-year programme (1994-98); whereas this programme should be implemented with financing from the Community budget in the form of grants;

Whereas it is necessary to lay down the detailed arrangements and rules for administering the operations financed from the budget,

HAS ADOPTED THIS REGULATION,

Article 1

The Community shall implement financial and technical cooperation with the Occupied Territories under a five-year programme (1994-98) with the aim of aiding their sustainable economic and social development.

Article 2

1. The priority areas for projects and measures implemented under the programme referred to in Article 1 shall be:

- infrastructure, production, urban and rural development, education, health, the environment, services, foreign trade, and the setting-up and improvement of institutions necessary for the proper working of the public administration.

2. Community aid may be given for investment projects, feasibility studies, technical assistance and training.
3. Community financing for operations covered by this Regulation shall be in the form of grants.

### Article 3

The aid referred to in this Regulation may be combined with European Investment Bank financing from own resources and may be used for cofinancing with Member States, non-member countries in the region, multilateral bodies or the Occupied Territories themselves. Wherever possible, the Community nature of the aid shall be preserved.

### Article 4

1. Financing decisions on projects and operations under this Regulation shall be adopted in accordance with the procedure laid down in Article 5.
2. Financing decisions on overall allocations for technical cooperation, training and trade promotion shall be adopted in accordance with the procedures laid down in Article 5.

The Commission shall inform the Committee referred to in Article 5 of the use made of these overall allocations.

3. Decisions amending decisions adopted in accordance with the procedure provided for in Article 5 shall be taken by the Commission where they do not entail any substantial amendments or additional commitments in excess of 20% of the original commitment.

### Article 5

1. The Commission shall be assisted by the MED Committee set up under Article 6 of Council Regulation (EEC) No 1762/92 of 29 June 1992 on the implementation of the protocols on financial and technical cooperation concluded by the Community with Mediterranean non-member countries.
2. The Commission representative shall submit to the Committee a draft text setting out measures to be taken. The Committee shall deliver its opinion on the draft within a time-limit set by the Chairman taking into account the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions adopted by the Council on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in the Article referred to above. The Chairman shall not vote.
3. (a) The Commission shall adopt the proposed measures if they are in accordance with the opinion of the Committee;

- (b) If the proposed measures are not in accordance with the opinion of the Committee, or if no opinion is delivered, the Commission shall, without delay, send the Council a proposal on the measures to be taken. The Council shall act by a qualified majority.

If the Council has not acted within three months from the date on which the matter was referred to it, the proposed measures shall be adopted by the Commission.

#### Article 6

1. The Commission shall take stock of the implementation of cooperation pursuant to this Regulation and report to Parliament and the Council once a year.

2. The Commission shall evaluate the main projects completed in order to establish whether the objectives fixed during the appraisal of these projects have been achieved and to establish guidelines for making future aid more effective. These evaluation reports shall be sent to the Member States.

#### Article 7

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

**For the Council  
The President**

PROPOSAL FOR A  
COUNCIL REGULATION (EC) No

on financial and technical cooperation with the Occupied Territories  
and amending Council Regulation (EEC) No 1763/92 concerning financial  
cooperation in respect of all Mediterranean non-member countries

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Treaty establishing the European Community, and in  
particular Article 130 thereof,

Having regard to the proposal from the Commission,

In agreement with Parliament,

Whereas Council Regulation (EC) No established a programme of financial  
and technical cooperation with the territories of the West Bank of the Jordan  
and the Gaza Strip, hereinafter referred to as "the Occupied Territories";

Whereas, with a view to promoting the economic and social development of the  
Occupied Territories on a sustainable basis and in view of the considerable  
requirements likely to be generated by recent developments in the Middle  
East peace process, this programme should be supplemented by additional  
measures, namely those provided for in Council Regulation (EEC) No 1763/92  
concerning financial cooperation in respect of all Mediterranean non-member  
countries;<sup>1</sup>

Whereas the application of the said Regulation should be extended to cover  
the Occupied Territories,

HAS ADOPTED THIS REGULATION:

Article 1

Council Regulation (EEC) No 1763/92 shall apply to the Occupied Territories.

Article 2

This Regulation shall enter into force on the third day following that of  
its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in  
all Member States.

For the Council  
The President

<sup>1</sup> OJ L 181, 1.7.1992, p. 5.



**FINANCIAL STATEMENT**

**1. TITLE OF OPERATION**

Financial assistance to the West Bank and Gaza

**2. BUDGET HEADING:** Article B7-406

**3. LEGAL BASIS:** not applicable

**4. DESCRIPTION OF OPERATION:**

**4.1 General objective**

Community support for the Middle East peace process.

**4.2 Period covered**

1994 - 1998

**5. CLASSIFICATION OF EXPENDITURE**

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

**6. TYPE OF EXPENDITURE OR REVENUE**

(a) Financing

- 100% grant

- Possible cofinancing with EIB, Member States, non-member countries of the region and multilateral bodies

(b) Terms and conditions

Selection of projects and operations in agreement with relevant Palestinian organizations.

(c) Any changes in the level of revenue

- The proposed operation does not involve any change in revenue.

- There is no provision for reimbursement.

**7. FINANCIAL IMPACT**

**7.1 Method of calculating total cost of operation**

The amount proposed for commitments takes into account past experience, obvious needs and absorptive capacity of the institutions concerned. It is also the expression of the Community's commitment to step up its support for the Occupied Territories in line with the declaration of the Strasbourg

European Council of 7 and 8 December 1989 and the guidelines issued by the informal meeting of Foreign Ministers at Aeden Biesen on 11-12 September 1993.

7.2 Itemized breakdown of cost in ECU million

BREAKDOWN	Budget 1994	Budget 1995	Budget 1996	Budget 1997	Budget 1998	Total
	50	50	50	50	50	250

The amounts are expressed in current ecus.

7.3 Indicative schedule of appropriations

	Budget 1994	Budget 1995	Budget 1996	Budget 1997	Budget 1998	Total
Commitment appropriations	50	50	50	50	50	250
Payment appropriations						
1994 budget	30					30
1995 budget	15	25				40
1996 budget	5	15	25			45
1997 budget	PM	10	15	25		50
1998 budget	PM	PM	10	15	35	60
Total	50	50	50	40	35	225



## 8. FRAUD PREVENTION MEASURES PROVIDED FOR IN THE PROPOSED OPERATION

Standard Commission checks

## 9. COST-EFFECTIVENESS ANALYSIS

### 9.1

#### (a) Specific objectives

The aim of the operation is to improve the living conditions of the Palestinian population and to support the peace process in the region by financing investment and operating costs in the following areas: infrastructure, production (agriculture, fisheries, industry), services (incl. tourism), foreign trade, urban and rural development, health, the environment, institutional and administrative development, training and education. It also covers the technical assistance required to implement aid of this type and the cost of appraising and monitoring projects.

#### (b) Target population

The aid is for the Palestinian population of the West Bank and the Gaza Strip. It will be implemented by a variety of bodies: chambers of commerce, cooperatives, specialized institutions, etc.

### 9.2 Grounds for the operation

#### 9.2.1 Grounds or need for Community action (subsidiarity)

The Community needs to step up its long-standing efforts to aid the Palestinian people by throwing its weight behind the Middle East peace process. The Community has also acquired unequalled experience as a result of its past aid.

#### 9.2.2 Approach chosen

- Spin-off effects: the aim of the operations financed is to develop and strengthen economic and institutional autonomy, thereby reducing the Territories' dependence on external financing.
- Multiplier effects (ability to mobilize other sources of finance): the effectiveness of operations under this budget heading could be further increased by the boost they will provide to the economy of the Territories, so attracting local and international capital. Coordination with other donors will redound to the benefit of the operations financed under this budget heading.

9.2.3 Grounds for choice of target population and proposed level of expenditure

The aim is to provide sufficient aid to a population not covered by the cooperation agreements with neighbouring countries to achieve the overall objective, namely Community support for the peace process.

9.2.4 Main factors of uncertainty that may affect the results of the operation

The political situation is very uncertain.

9.3 Monitoring and evaluation of the operation

9.3.1 Performance indicators selected

Performance indicators have been set for each project (e.g.: increase in agricultural production and in the degree of self-sufficiency in food, level of exports by the territories concerned).

9.3.2 Details and frequency of planned evaluations

The main sectors financed will be subject to annual evaluation.

9.3.3 Assessment of the results obtained

Results so far show that the Community's previous operations have slowed down the social and economic decline.

9.4 Consistency with financial programming

The purpose is to help achieve economic objectives and to promote political stability in the region.

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# DOCUMENTS

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