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Answer given by Ms Šuica
on behalf of the European Commission
(3.3.2025)

As announced by President of the Commission in the Political Guidelines in July 2024¹, as part of a wider comprehensive EU-Middle East strategy, the Commission committed to work on a multi-year support package for an effective Palestinian Authority (PA), on the basis of agreed reforms, and to help pave the way for a two-state solution, as the best way to ensure security for both Israelis and Palestinians, strengthening partnerships with key regional stakeholders.

The PA is facing a critical budgetary crisis, which risks destabilising the West Bank and the broader region. In this context, the Commission proposed a two-step approach composed of the emergency short-term financial assistance (EUR 400 million) to cover urgent financial needs, thereby paving the way for a longer-term Comprehensive Programme for Palestinian Recovery and Resilience.

The letter of intent² signed between the Commission and the PA on 17 July 2024 outlines a strategy to address the PA's financial challenges and includes all agreed milestones related to the disbursement of the emergency support. The third and final tranche of emergency support was disbursed on 18 November 2024.

In parallel, work continued on the second element of the two-step approach, with significant progress made, including the agreement on 31 October 2024 on the Palestinian Reform Matrix, which will underpin the multi-year comprehensive programme.

The Reform Matrix, which is based on the PA's own reform agenda, was developed in close cooperation between the PA and the Commission and was discussed with Member States. The aim of the comprehensive programme would be to stabilise the PA's fiscal situation and strengthen governance, fiscal policy, the business environment, and service provision over the medium to long term, in line with the EU's wider EU-Middle East Strategy.

¹ https://commission.europa.eu/document/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en

² https://neighbourhood-enlargement.ec.europa.eu/letter-intent-between-palestinian-authority-and-european-commission_en