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Japan supports 4th payment of PA's "Private Sector Reconstruction in Gaza" programme through EU's PEGASE mechanism

The Prime Minister of the Palestinian Authority, Dr. Salam Fayyad, the Representative of Japan, Mr. Naofumi Hashimoto, and the European Union Representative, Mr. Christian Berger, jointly marked today the USD3.8 million (€2.5 million) contribution by the Japanese Government to the fourth payment under the Palestinian Authority's "Private Sector Reconstruction in Gaza" (PSRG) programme. This programme is the largest initiative of direct financial support of the private sector in the Gaza Strip since Israel's "Operation Cast Lead". The Japanese contribution is being channelled through PEGASE^[1], the European Union's mechanism for support to the Palestinians.

The Palestinian Authority (PA) established the PSRG programme in the aftermath of Israel's "Operation Cast Lead" to provide financial support to private sector businesses that were destroyed or damaged during that Operation. It targets businesses that need to restore damaged assets necessary for their activities - funded items include machinery, office furniture and equipment, as well as building and business premise material. The ultimate objective is to revitalize the economic activity in Gaza and provide for sustainable livelihoods for its people.

The EU committed €22 million to PSRG at the end of 2009. In March 2011, the Japanese Government committed an additional €6.2 million to the programme. Both contributions are being channelled through the European Union (EU)'s financing mechanism PEGASE, which is open to all donors and has been used by a number of European states. Japan is the first non-European donor to channel contributions to a PA programme through PEGASE.

The fourth PSRG disbursement, which will be covered entirely with Japanese funds and will take place at the end of this week, will benefit 103 claims by Gaza businesses and amounts to USD3.8 million (€2.5 million). It follows three earlier payments under PSRG that took place in July 2010, September 2010 and January 2011, which benefited over 590 eligible claims amounting to USD 12.2 million (€9.6 million). Further payments are expected to take place under the PSRG programme in 2011.

The Representative of Japan to the PA, **Mr. Naofumi Hashimoto**, said: *"Supporting Gaza for its recovery and reconstruction is one of priorities in Japan's assistance to the Palestinian people. Private sector has crucial roles for sustainable economic and social developments as well as for achieving their national goals. Bearing this in mind, Japan has decided this contribution through EU/PEGASE and also has been supporting the Palestinian Government for its efforts in establishing Jericho Agro-Industrial Park."*

The European Union Representative, **Mr. Christian Berger**, said: *"I would like to thank the Japanese Government for their generous contribution to the Palestinian Authority's Private Sector Reconstruction programme and for choosing the EU's PEGASE mechanism in channelling this*

support. I also want to take this opportunity to reiterate EU's call for a full economic recovery of the Gaza Strip which can only be achieved with the revival of the private-sector.

Background

Most of the **EU assistance** to the Palestinian Authority is channelled through PEGASE, the financial mechanism launched in 2008 to support the PA Reform and Development Plan (2008-2010) and the subsequent PA Palestinian National Plan (2011-2013). As well as helping to meet a substantial proportion of its running costs, European funds support major reform and development programmes in key ministries, to help prepare the PA for statehood in line with the plan put forward by Prime Minister Salam Fayyad in August 2009. Since February 2008, €1.08 billion have been disbursed through the PEGASE Direct Financial Support programmes. In addition, the EU has provided assistance to the Palestinian people through UNRWA and a wide range of cooperation projects.

Japan's assistance to the PA is extended in a kind of budget support or based on the specific development projects. Japan has been supporting financially and technically economic development efforts exerted by key ministries, to help prepare the PA for statehood in line with the plan put forward by Prime Minister Salam Fayyad in August 2009. Japan has also provided assistance through UNRWA and other UN agencies including humanitarian assistance, as well as to local NGOs and local councils for their grassroots development projects. Japan's assistance exceeds USD 1.19 billion in total since 1993, including around USD 100 million extended in Japan's fiscal year 2010.

For further information in Arabic and English on the EU's assistance to the occupied Palestinian territory and the PEGASE mechanism, please visit: <http://eeas.europa.eu/delegations/westbank/>

^[1] *Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique (PEGASE)*

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