

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION
OF THE ITALIAN MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION
AND THE EUROPEAN COMMISSION (HEREINAFTER REFERRED TO AS "THE
COMMISSION") ACTING ON BEHALF OF THE EUROPEAN UNION (HEREINAFTER
REFERRED TO AS "THE EU")**

Subject: Implementation of a contribution of EUR 1,000,000 to the Palestinian Authority through the Mécanisme "Palestino-Européen de Gestion et d'Aide Socio-économique" (PEGASE)

1. The Directorate General for Development Cooperation of the Italian Ministry of Foreign Affairs and International Cooperation (DGCS/MAECI), represented by the Consulate General of Italy in Jerusalem, hereafter called "the Donor", has informed the Palestinian Authority (PA) that it will make a contribution of EUR 1,000,000 through the PEGASE Direct Financial Support (PDFS) programme "**Supporting East Jerusalem Hospitals**" (**EJH**), as further detailed in paragraph 3 of this memorandum. For this purpose, the Consulate General of Italy in Jerusalem on behalf of the DGCS/MAECI will sign a technical arrangement (Memorandum of Understanding - MOU) with the PA.
2. The contribution of the donor will cover expenditures under the above-mentioned programme, to support the settling of the PA's accumulated and unpaid medical referral costs to East Jerusalem Hospitals.
3. The donor's contribution through PDFS mechanism will be implemented by the Commission through the Office of the European Union Representative in Jerusalem (EUREP), which is responsible for the implementation of PDFS. In this context, the Commission will provide to the donor all necessary information on the above mentioned programme. In particular, the Commission will provide the necessary assistance in preparing payments and will certify the eligibility of expenditures according to agreed standards. In accordance with the modalities of the PDFS mechanism, these payments will be made directly to the East Jerusalem Hospitals in line with paragraph 4 of this Memorandum, on the basis of an ex-ante letter of authorisation, to the PA Ministry of Finance and Planning, signed by EUREP.
4. The donor has decided to pool resources together with the European Union and other donors' contributions in the sub-account no. 9090 290913 530 (IBAN PS26 ARAB 0000 0000 9090 2909 1353 0) of the Single Treasury Account of the PA at Arab Bank opened specifically for PDFS contributions to the payment of the above mentioned programme. Payments from the sub-account will be authorised upon receipt by the Ministry of Finance and Planning of the PA of an ex-ante authorisation letter sent by the Commission acting as an intermediary on behalf of all donors contributing via this sub-account. Any interest accrued on this contribution is to be considered part of it and to be used for the same purpose.
5. The Commission will, on a regular basis, transmit updates of the disbursement of funds under the above mentioned programme to the donor.
6. The donor will have access to all information pertaining to the programme financed by the donor's contribution.
7. This Memorandum may be amended through an exchange of letters between the Donor and the Commission. The letters exchanged to this effect shall become an integral part of this MoU.
8. Either party, by giving one month notice to the other party, may terminate this MoU. If the MoU is terminated by the Donor after transfer of its contribution to the bank account mentioned in paragraph 4, the Donor will settle any outstanding encumbrances directly with the Palestinian Authority, including recovery of balance.
9. The Commission will implement a general ex-post audit and a general ex-post evaluation of PDFS programmes; upon demand, donors can participate in the general ex-post audit and evaluation. In addition, the Donor may carry out ex-post audits of expenditures covered by its payments.
10. This Memorandum, once signed by both parties, will take effect once the MoU between the PA and the Donor has

been signed by both parties and will last until 31 December 2018.

For the Commission

Director, Neighbourhood South, Directorate
General for Neighbourhood and Enlargement
Negotiations

Brussels, on 8.12. 2018

For the Donor

The Consul General of Italy in Jerusalem

~~Fabio Sokolowicz~~



Jerusalem, on 24/11/2017