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ANNEX III

to the Commission Implementing Decision on the Special Measure in favour of Palestine[1] for 2026-2027 – Part II

Action Document for Support to East Jerusalem

MULTIANNUAL MEASURE
This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and a measure in the sense of Article 23(4) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title **OPSYS** **Basic Act**	Support to East Jerusalem Special measure in favour of Palestine for 2026-2027 OPSYS business reference: ACT-63490 SUMMA fund reservation number: JAG.SUM.2456045 and JAG.SUM.2474272 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Economic and Investment Plan (EIP)	No
EIP Flagship	No
3. Team Europe Initiative	No
4. Beneficiar(y)/(ies) of the action	The Action shall be carried out in East Jerusalem, Palestine.
5. Programming document	NA – Special measure
6. Link with relevant MIP(s)/expected results	NA – Special measure
PRIORITY AREAS AND SECTOR INFORMATION	
7. Priority Area(s), sectors	Special Measure – not linked to relevant programming document
8. Sustainable Development Goals (SDGs)	Main SDG: SDG 10 – Reduced inequalities Other significant SDGs: SDG 1 – No poverty

[1] The designation of Palestine shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue

	SDG 4 – Quality education SDG 5 – Gender equality SDG 8 – Decent work and economic growth SDG 10 – Reduced inequalities SDG 11 – Sustainable cities and communities SDG 13 – Climate action SDG 16 – Peace, justice and strong institutions
9. DAC code(s)	Main DAC code – 15150 – Democratic Participation and Civil Society – 15% 15160 - Human rights – 15% 11120 - Education Facilities and training – 15% 5030 - Business development services – 15% 43030 - Urban development and management – 10% 16030 – Housing policy and administrative management – 15% 16010 – Social protection – 5% 16061 – Culture and cultural diversity – 10%
10. Main Delivery Channel	Local and International Non-Governmental Organisations (NGOs) – 20000 United Nations agency, fund, or commission (UN) – 41000 European Union Member States – central government – 11001
11. Targets	☐ Migration ☐ Climate ☒ Social inclusion and Human Development ☒ Gender ☐ Biodiversity ☒ Human Rights, Democracy and Governance

12. Markers (from DAC form)	**General policy objective**	**Not targeted**	**Significant objective**	**Principal objective**
	Participation development/good governance	☐	☒	☐
	Aid to environment	☒	☐	☐
	Gender equality and women's and girl's empowerment	☐	☒	☐
	Reproductive, maternal, new-born and child health	☒	☐	☐
	Disaster Risk Reduction	☒	☐	☐
	Inclusion of persons with Disabilities	☐	☒	☐
	Nutrition	☒	☐	☐
	RIO Convention markers	**Not targeted**	**Significant objective**	**Principal objective**
	Biological diversity	☒	☐	☐

	Combat desertification	☒	☐	☐
	Climate change mitigation	☒	☐	☐
	Climate change adaptation	☒	☐	☐
13. Internal markers and Tags	**Policy objectives**	**Not targeted**	**Significant objective**	**Principal objective**
	EIP	☒	☐	☐
	EIP Flagship	YES ☐		NO ☒
	Tags	YES		NO
	Transport	☐		☒
	Energy	☐		☒
	Environment, Climate Resilience	☐		☒
	Digital	☒		☐
	Economic development (incl. private sector, trade and macroeconomic support)	☒		☐
	Human development (incl. human capital and youth)	☒		☐
	Health resilience	☐		☒
	Migration and mobility	☐		☒
	Agriculture, food security and rural development	☐		☒
	Rule of law, governance and public administration reform	☒		☐
	Other	☒		☐
	Digitalisation	☐	☒	☐
	Tags	YES		NO
	digital connectivity	☒		☐
	digital governance	☒		☐
	digital entrepreneurship	☒		☐
	digital skills/literacy	☒		☐
	digital services	☒		☒
	Connectivity	☒	☐	☐
	Tags	YES		NO
	digital connectivity	☒		☐
	energy	☐		☒
	transport	☐		☒

	health education and research	☐ ☒		☒ ☐
	Migration	☐	☐	☒
	Reduction of Inequalities	☒	☐	☐
	COVID-19	☐	☐	☒
BUDGET INFORMATION				
14. Amounts concerned	Budget line (article, item): 14.020110 Southern Neighbourhood Total estimated cost: EUR 27 687 500 Total amount of EU budget contribution EUR 24 000 000. The contribution is for an amount of EUR 12 000 000 from the general budget of the European Union for financial year 2026, and for an amount of EUR 12 000 000 from the general budget of the European Union for the financial year 2027, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.			
MANAGEMENT AND IMPLEMENTATION				
15. Implementation modalities (management mode and delivery methods)	**Direct management** through: – Grants – Procurement **Indirect management** with the entities to be selected in accordance with the criteria set out in section 4.3.3.			

1.2. Summary of the Action

The European Union (EU) has been supporting East Jerusalem through the "East Jerusalem Programme" (EJP) since 2007, with the aim of "maintaining the viability of the two-state solution, with Jerusalem as the capital of both states". The EU remains[2] committed to achieving a lasting and sustainable peace within the framework of the Middle East Peace Process (MEPP), based on the two-state solution. At the High-Level Political Dialogue between the EU and the Palestinian Authority (PA) on 14 April 2025, the European Commission reaffirmed this vision and its unwavering support for the Palestinian people[3] presenting a Multiannual and Comprehensive Programme for Palestine's Recovery and Resilience (2025–2027) worth up to EUR 1.6 billion. The programme is based on three pillars: 1) reforms and financial support to the PA; 2) support for resilience and recovery in the West Bank and Gaza; and 3) European Fund for Sustainable Development+ guarantees mobilised by the EU to enable loans by the European Investment Bank. The 2025-2027 Comprehensive Programme also envisages continued support for the EJP.

The overall objective of this action is to maintain the viability of the two-state solution, with Jerusalem as the capital of two states, in line with the most recent EU Council Conclusions on the Middle East peace process (MEPP)[4]. This will be ensured through four specific objectives:

1. Enhance socio-economic resilience and cohesion in East Jerusalem;
2. Preserve Palestinian identity, from education to culture, in East Jerusalem;
3. Uphold Human Rights and International Human Rights Law in East Jerusalem;
4. Improve Housing Rights and equitable urban planning in East Jerusalem.

[2] https://www.consilium.europa.eu/en/press/press-releases/2026/03/19/european-council-conclusions-on-middle-east/
[3] https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1055
[4] https://www.consilium.europa.eu/en/press/press-releases/2016/01/18/fac-conclusions-mepp/pdf/

1.3. Beneficiaries of the action

The action shall be carried out in Palestine, included in the list of Official Development Assistance (ODA) recipients, with a specific focus on the Palestinian Governorate of Jerusalem.

2. RATIONALE

2.1 Context

Home to around 360,000 Palestinians, East Jerusalem holds profound social, economic, political and religious significance for Palestinians and the State of Palestine. However, the Palestinian population of East Jerusalem suffers from severe marginalisation following occupation practices which deteriorated over time, compounded by the absence of Palestinian Authority (PA) sovereignty. Since the 1967 occupation and its illegal annexation by the Israeli government in 1980, East Jerusalem depends *de facto* on the Israeli Jerusalem municipality for its governance and the delivery of public services. Palestinians living in East Jerusalem face challenges linked to policies implemented by Israeli authorities that cause displacement of the Palestinian population, including via land annexation, settlement expansion, biased building permits, an unfavourable zoning system, inadequate infrastructure, limited provision of basic services, unequal citizenship laws and restricted municipal autonomy. The spatial fragmentation and isolation, intensified by the illegal separation wall (ruling of the International Court of Justice of 2004[5]), also cause national, community and psychological divisions, which often undermine Palestinian identity and social cohesion, essential for a future independent state. The dire socio-economic conditions experienced by Palestinians living in Jerusalem are a consequence of the lack of public investment and infrastructure: around 15% of the Jerusalem municipal general budget is dedicated to Palestinian neighbourhoods, while Palestinians constitute 38,5% of the Jerusalem population. Since October 2023, the fragile and already unstable equilibrium on which Jerusalem stood has worsened. Further challenges remain in this regard, such as the E1 settlement or the Jerusalem Metropolitan Bill.

In numerous EU Council conclusions, the EU has repeatedly reiterated that it does not recognise Israel's 1980 annexation of East Jerusalem. The EU position is clear and longstanding: it is committed to achieving a two-state solution with an independent, democratic, contiguous and viable Palestinian state, comprising Gaza and the West Bank including East Jerusalem, living side by side in peace and security with the State of Israel in accordance with relevant UN Security Council (UNSC) resolutions (in particular Resolution 476 of 1980).

Since 2007, the EU has been supporting East Jerusalem through the "East Jerusalem Programme" (EJP) by: i) strengthening the resilience of Palestinian East Jerusalemites; and ii) preserving the Palestinian identity of the city. Since the start of the EJP, the EU invested almost EUR 126 million in this multi-sectoral programme, with support provided to a broad range of sectors such as community empowerment, inclusive education, economic development, historical restoration work, the protection and promotion of the cultural and religious heritage, the defence of human rights and the COVID-19 crisis response.

Complementarity, synergy and donor co-ordination

The absence of Palestinian institutions in East Jerusalem and lack of a clear development strategy have made donor coordination at the operational level very challenging. There is no shared systems-change framework capable of guiding long-term, adaptive programming across multiple sectors and donors. Often interventions continue to operate in isolation, remaining project-based and siloed, resulting in a duplication of efforts, operational inefficiencies, and limited potential for scaling. Opportunities for joint programming, cross-donor thematic working groups, and regular exchange on lessons learned remain underexploited. The absence of such structures limits the cumulative effect of donor investments and undermines sustainability.

[5] Legal consequences of the construction of a Wall in the Occupied Palestinian Territory, International Court of Justice, 9 July 2004.

2.2 Problem analysis

Sustainable economic development and livelihoods: an impeded economy

The economy of East Jerusalem is shaped by deep structural inequalities which produce widespread poverty and constrained opportunities for growth. Over 75% of Palestinians in East Jerusalem live below the poverty line, rising to nearly 85% among children, one of the highest poverty rates in the region[6]. Planning, taxation and licensing systems often exclude Palestinians from the formal economy, restricting business creation or expansion. Many enterprises operate informally and remain exposed to legal penalties, business closures and lack of access to credit. Chronic underinvestment in Palestinian neighbourhoods has left infrastructure, services and commercial areas underdeveloped, reinforcing economic stagnation and widening disparities within the city. Barriers to trade, movement, and market access further isolate Palestinian businesses from regional and international markets. Connectivity is relatively widespread among Palestinian firms, but the adoption of digital tools for business operations (particularly among SMEs) remains limited[7]. Tourism generates little benefit for Palestinian communities, as the western side of the city captures over 85% of tourism-related economic activity[8]. Economic exclusion disproportionately affects women, youth, and people living with disabilities (PWDs). Youth (18-30) unemployment exceeds 40%, while female labour force participation is only 10%, among the lowest globally. Lastly, limited access to education, vocational training, and finance restricts entrepreneurship and workforce integration, trapping many in cycles of poverty.

Social services and social cohesion: a marginalised society, relying on weakened institutions, grassroots and NGOs

East Jerusalem faces profound challenges linked to social cohesion and social services delivery due to fragmented governance, political exclusion and severe restrictions on civil society. Palestinians lack an effective and representative governance framework, as PA institutions are barred from operating in the city. Although Palestinians constitute approximately 38% of Jerusalem's population receives only 15% of municipal spending (out of the Israeli Jerusalem municipality budget), resulting in chronic gaps in social services, including health, youth support, and protection services. While this vacuum is filled to some extent by CSOs, their ability to operate is constrained by chronic underfunding, dependence on short-term and politically sensitive international aid and extensive Israeli-imposed restrictions. Since 2000, more than 40 Palestinian CSOs in East Jerusalem have been forcibly closed by Israeli authorities. The situation could worsen in 2026 following the new International NGOs registration framework imposed by Israel in Gaza and the West Bank (including East Jerusalem). Moreover, high exposure to violence, displacement and insecurity has generated widespread psychosocial distress, particularly among children, but specialised mental health services remain extremely limited. These dynamics worsen the social and psychological strain on an already marginalised population.

Education: a system under constantly growing pressure

Education in East Jerusalem operates within a fragmented and unequal system made up of multiple school authorities and frameworks. The absence of a unified Palestinian educational authority leaves schools vulnerable to political pressure and chronic underfunding. Palestinian schools face an acute shortage of teachers and classrooms, and operate in unsafe, overcrowded and inadequate facilities. This often contributes to poor academic outcomes, high dropout rates and the exclusion of a significant proportion of children from formal education altogether; around 30% of Palestinian students do not complete secondary education[9]. Pressure on the educational system further worsened after the forced closure by Israeli authorities of UN Relief and Works Agency for Palestine Refugees (UNRWA) schools in East Jerusalem in 2025. Around 40% of

[6] Palestinian Central Bureau of Statistics (PCBS). (June 2024). Jerusalem Statistical Yearbook.
[7] World Bank. (2021). West Bank and Gaza Digital Economy Assessment. Washington, DC: World Bank.
[8] Jerusalem Institute for Policy Research. (2023). Economic Disparities in Jerusalem's Tourism Sector.
[9] UNICEF. (July 2023). Situation Analysis of Children's Rights and Wellbeing in the State of Palestine.

Palestinian students in East Jerusalem attend private or charity-run schools due to insufficient public provision, increasing the financial pressure on households. Access to education is further undermined by restrictive zoning and permit regimes that prevent the construction of new schools and expose existing ones to demolition. These pressures push families towards Israeli-run schools, often at the expense of cultural and linguistic identity. Girls and students with disabilities face additional barriers and exclusion due to unsafe travel routes, lack of inclusive facilities and limited specialised programmes[10]. Moreover, there is mounting pressure on schools to adopt Israeli curricula; schools with a Palestinian curriculum receive only 50% of the per-student funding allocated by the municipality to those using the Israeli curriculum[11]. Lastly, financial coercion, license revocations and intimidation of educators are used to enforce compliance, while intrusive security practices inside schools foster fear and disrupt learning. The cumulative impact on students and teachers is a severe psychosocial crisis marked by stress, demoralisation and declining educational attainment.

Culture, heritage preservation, and identity: a forbidden narrative

Palestinian cultural identity is undermined by policies that target education, heritage, religious life and cultural expression, with the aim of reshaping the city's historical and cultural narrative. The pressure on Palestinian schools to adopt an Israeli curriculum referred to above, marginalises Palestinian history and identity, while archaeological and religious sites are repurposed to justify land confiscation and displacement practices. Areas such as Silwan, Sheikh Jarrah, the Old City, and Al-Aqsa Mosque face evictions, demolitions, access restrictions, and settler incursions that erode spaces central to Palestinian cultural and social life. Palestinian cultural institutions, festivals and public gatherings face routine permit denials and closures. Arabic place names are systematically replaced, reducing Palestinian visibility in public spaces. External pressures are compounded by internal ones, including the absence of a unified Palestinian cultural strategy, reliance on short-term funding, and institutional fatigue. Limited resources, shrinking donor support and the marginalisation of grassroots and youth-led initiatives weaken sustainability and continuity, particularly affecting younger generations whose identities are increasingly shaped by external influences.

Human rights: a constant negative trend

The human rights situation of Palestinians in East Jerusalem is characterised by systemic and longstanding violations that affect daily life, legal status and fundamental freedoms. Annexation, settlement expansion, home demolitions, and restrictive planning regimes contribute to a coercive environment and to the gradual erosion of Palestinian presence in the city. Palestinians, including minors, face a challenging legal environment. Each year, hundreds of Palestinian children are prosecuted in Israeli military courts, often without full fair-trial guarantees. Continued use of administrative detention allows individuals, including children, to be held without formal charges or trial for renewable periods, raising serious concerns under international law[12]. These practices contribute to a broader sense of legal insecurity and vulnerability within Palestinian communities. Limited enforcement and uneven accountability mechanisms, including by the international community, have allowed violations to continue with few consequences. Fragmentation, limited coordination, and varying strategic approaches among actors weaken collective Palestinian responses to rights violations. These dynamics occur within a context where communities are coping with more immediate socio-economic pressures, protection concerns, and the long-term psychological impact of protracted conflict and instability.

Housing, legal access and urban development: more demolitions of Palestinian homes, more settlements

Israeli legal, planning and administrative frameworks severely restrict Palestinian housing development, contributing to the current housing crisis in East Jerusalem. Palestinians are confined to a small fraction of the city's land (only 13% of East Jerusalem's land[13]), despite constituting more than a third of the total population,

[10] UNICEF. (July 2023). Situation Analysis of Children's Rights and Wellbeing in the State of Palestine.
[11] Jerusalem Story. (July 2023). Israeli Government Bill Aims to Deny Funding to Palestinian Schools in East Jerusalem.
[12] Amnesty International. (2023). Human Rights in East Jerusalem: A Decade of Displacement.
[13] UN Office for the Coordination of Humanitarian Affairs (OCHA). (2017). East Jerusalem: Key Humanitarian Concerns.

and face an acute shortage of housing units[14]. Restrictive zoning laws, the lack of approved master plans in most Palestinian neighbourhoods and highly limited building ratios effectively render most Palestinian construction illegal by default. Obtaining building permits is expensive, complex and rarely successful, with approval rates below 5%. Many families are thus forced to build without permits, leaving them vulnerable to demolitions. Between 1967 and 2022, Israel revoked the residency status of 14,808 Palestinians[15] and house demolitions displaced tens of thousands[16]. In 2024, 215 Palestinian structures in East Jerusalem were demolished according to the UN Office for the Coordination of Humanitarian Affairs (OCHA) with around 120 of these demolished by the owners to avoid fines and fees by the Municipality. Over 40,000 residents were affected by these demolitions, and 1,000 people were displaced[17] imposing psychological, social, and economic harm. Settlement expansion further intensifies this crisis by confiscating Palestinian land, encircling Palestinian neighbourhoods, and disrupting territorial continuity. Israeli laws such as the Absentee Property Law, the Planning and Building Law and its legislation provide legal cover for land expropriation, zoning restrictions, and demolitions, while settlements receive extensive state support and infrastructure. Recent legislative initiatives, including the proposed Jerusalem Metropolitan Bill (2025), threaten to accelerate annexation, deepen Palestinian marginalisation, and increase the risk of residency revocation and displacement. The decision to build the E1 Settlement project (August 2025), constitutes a serious threat to the two-state solution.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the Action.

Given the broad range of issues to be addressed, the action will channel resources through various partners such as local Palestinian NGOs, international NGOs, EU Member States and the UN. On the Palestinian side, key stakeholders are the Office of the President of the Palestinian Liberation Organisation (PLO), the Minister for Jerusalem Affairs, and the Governor of Jerusalem. The PLO, internationally recognised as the representative of the Palestinian people, sets the national position on Jerusalem and addresses it in international diplomacy, negotiations and advocacy. Within the PA, the Minister for Jerusalem Affairs translates these priorities into support for Palestinians in the city. As the PA does not exercise sovereign authority in East Jerusalem, this role is indirect, focusing on coordinating and funding social, educational, cultural and health initiatives, often through NGOs and international donors. At the local level, the Governor represents the PA's administrative and symbolic presence, linking communities with authorities in Ramallah, monitoring conditions, and reporting developments. Operating without formal powers, and currently under house arrest, the role is largely representative. Together, these entities reflect the fragmented and constrained nature of Palestinian governance in Jerusalem, where activities are closely monitored and often restricted under pretext of links to the PA.

2.3 Lessons learned

Lessons learned have been drawn from previous project evaluations, independent sectoral studies and consultations with CSOs and other donors, Result Oriented Monitoring reports, together with the day-to-day feedback received by the EUREP. They can be summarised as follows:

1. **Reinforce a rights-based and politically informed approach:** EU interventions in East Jerusalem should remain grounded in international humanitarian and human rights law, while reflecting the political context, including settlement expansion, displacement pressures and risks of *de facto* annexation. Programming should be more closely linked to advocacy supporting EU positions.

[14] Palestinian Central Bureau of Statistics. (2024). Jerusalem Statistical Yearbook.
[15] Hamoked. (2023). Revocation of Permanent Residency in 2022 (available at: hamoked.org).
[16] UN Office for the Coordination of Humanitarian Affairs. (2023). Data on Demolitions and Displacement in East Jerusalem.
[17] https://www.972mag.com/israeli-demolitions-palestinian-homes-east-jerusalem-2024/

2. **Sustain Palestinian leadership in a shrinking civic space:** support to Palestinian actors remains essential, not only for ownership but as a means of preserving Palestinian presence and agency amid increasing legal, financial and operational restrictions. Greater efforts should be made to engage directly with Palestinian partners wherever feasible, while ensuring adequate protection and support.
3. **Embed conflict sensitivity and the "Do No Harm" principle across interventions:** actions should integrate conflict-sensitive approaches including risk analysis, and mitigation of unintended impacts and ensure that interventions do not reinforce restrictive policies or exacerbate vulnerabilities.
4. **Maintain flexible and adaptive implementation modalities:** given the unpredictability of the context, the EU should continue to apply flexible funding and implementation mechanisms, including direct awards and tailored procedures.
5. **Support basic services and economic survival as pillars of resilience:** access to housing, essential services, and livelihoods is increasingly constrained. Targeted support, particularly to micro and family-based activities, should be maintained and scaled up, recognising their role in sustaining daily life, community stability, and Palestinian presence.
6. **Strengthen protection-oriented approaches to displacement:** recent trends highlight the limits of resilience-focused programming in isolation. Greater emphasis should be placed on protection, including legal aid, housing support, and advocacy efforts that enable communities to remain in place, assert their rights, and respond to policies contributing to displacement.
7. **Enhance coordination and strategic partnerships:** in a complex and fragmented operational landscape, strengthened coordination with Member States, EU actors, and partners such as UN agencies remains essential. Building on existing cooperation models, efforts should focus on maximising complementarities, improving information-sharing, and reinforcing collective impact.
8. **Address fragmentation through localised approaches and stronger communication:** the increasing physical and administrative fragmentation of East Jerusalem, including areas isolated by the barrier, calls for more localised, neighbourhood-level interventions tailored to specific needs. At the same time, strengthened strategic communication and advocacy are needed to ensure accurate representation of realities on the ground and to maintain international attention and support.
9. **Avoid small scale operations and projects:** many of the operations proposed for funding under the EJP mainly address symptoms rather than root causes, which limits their sustainability in the long run. Furthermore, small scale operations, although sometimes "symbolically" useful, do not yield sustainable change. Working with umbrella structures with a sectoral dimension, in a programmatic way, is more relevant than following a project-based approach and would strengthen smaller actors.
10. **The occasional need for very specific tailored made expertise**: on several occasions, potential partners approached EUREP with specific requirements to address local socio-economic matters. Despite the merit of the proposed operations, lack of resources to screen and identify the related issues in-depth led to a negative answer from the EUREP services. Adequate technical assistance could be helpful to both the EUREP and potential partners to better identify and evaluate their operations and sustainability.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and expected Outputs

The **Overall Objective/Impact** of this action is to maintain the viability of the two-state solution, with Jerusalem as the capital of two states, in line with the EU Council Conclusions on the MEPP[18].

The **Specific Objective(s)/Outcomes** of this action are to:

1. Enhance socio-economic resilience and cohesion in East Jerusalem;

[18] https://www.consilium.europa.eu/en/press/press-releases/2016/01/18/fac-conclusions-mepp/pdf/

2. Preserve Palestinian identity from education to culture in East Jerusalem;
3. Uphold human rights and international human rights law in East Jerusalem;
4. Improve housing rights and equitable urban planning in East Jerusalem.

The **Outputs** to be delivered by this action contributing to the Specific Objectives/Outcomes are:

Contributing to Outcome 1: Enhance socio-economic resilience and cohesion in East Jerusalem

1.1: Enhanced and diversified livelihood opportunities for Palestinians in East Jerusalem.

1.2: Strengthened capacities of Palestinian micro, small, and medium-sized enterprises (MSMEs) to diversify, access markets and financial services, to demand their economic rights.

1.3: Strengthened provision of community-based comprehensive care services in East Jerusalem by service providers and with the participation of local communities including youth and women.

1.4: Enhanced solidarity networks and structures.

Contributing to Outcome 2: Preserve Palestinian- identity, from education to culture, in East Jerusalem

2.1: Strengthened community-centred and digital school environments and infrastructure.

2.2: Increased pedagogical, technical, institutional and legal capacity of educators and administrators to provide inclusive and quality education, and alternative learning pathways.

2.3: Residential and public buildings within and around the Old City are rehabilitated or adaptively reused.

2.4: Increased capacities of cultural institutions and creative industries to protect the Palestinian archaeological heritage and promote Palestinian identity.

Contributing to Outcome 3: Uphold human rights and international human rights law in East Jerusalem

3.1: Integrated protection and documentation systems compliant with safety protocols for human rights defenders and international accountability standards.

3.2: Strengthened mechanisms for strategic litigation including mixed legal defence (local and international) and filings.

3.3: Strengthened capacities of Palestinian institutions and organisations to design and implement digital, evidence-based advocacy and communication strategies for public diplomacy and countering disinformation.

Contributing to Outcome 4: Improve housing rights and equitable urban planning in East Jerusalem

4.1: Increased comprehensive and integrated services (legal aid, architectural and technical advice and information) on housing regulations and permit processes for residents.

4.2: Expanded community-led housing solutions including rehabilitation.

4.3: Increased credit and innovative financial instruments for housing.

3.2 Indicative activities

Activities related to Outputs 1.1-1.4 under Outcome 1 – Socio-economic resilience and cohesion:

- **Holistic Business Support and Formalisation:** provision of integrated legal, regulatory and technical advisory services for licensing and business formalisation, combined with incubation and business development support.
- **Market Expansion and Multi-Sector Modernisation:** training in e-commerce, digital marketing, customer service and logistics; provision of micro-grants for digital tools and payment solutions; facilitation of market access through B2B matchmaking, trade fairs-online platforms; strengthening of value chains and producer cooperatives, establishment of shared digital hubs and co-working spaces.

- **Employability and Financing:** labour market assessments and sector prioritisation to guide training and investments; implementation of short-cycle vocational training and career orientation services; setting up of apprenticeships/internships with local businesses, on-the-job training subsidies.
- **Institutional Coordination and Community Representation:** establishment of umbrella networks, coordinating committees and shared databases for Palestinian CSOs to improve service alignment, articulate local priorities and support evidence-based advocacy.
- **Neighbourhood-Driven Governance and Development:** provision of support to neighbourhood-level committees to identify priorities and implement community-driven initiatives.
- **Youth Engagement and Women's Economic Agency:** strengthening of youth platforms and women's cooperatives.

Activities related to Outputs 2.1-2.4 under Outcome 2 – Palestinian identity from education to culture:
- **Classroom Expansion and Quality Learning Environments:** rehabilitation, expansion, and equipping of educational facilities, including digital learning tools and connectivity
- **Institutional Support, Governance and Parental Engagement:** provision of support to participatory school governance and engagement mechanisms and to awareness-raising on curriculum choices and education quality standards.
- **Capacity Building for Inclusive and Modern Pedagogy:** provision of continuous professional development for educators on student-centred, inclusive and trauma-sensitive teaching methods, and expansion of non-formal and alternative learning pathways.
- **Heritage Rehabilitation and Cultural Spaces:** restoration and repurposing of historic buildings as community cultural hubs and art spaces that promote cultural expression.
- **Cultural Programming and Identity Promotion:** support to the organisation of festivals, exhibitions and performances showcasing Palestinian heritage and contemporary cultural production and establishment of memory labs, school-museum partnerships, digital storytelling platforms.

Activities related to Outputs 3.1-3.3 under Outcome 3 – Human rights and international human rights:
- **Unified Documentation and Protection Mechanisms:** establishment of coordinated documentation systems and protection mechanisms for human rights defenders, including risk monitoring and rapid response capacities.
- **Strategic Litigation and Accountability:** support for coordinated legal action at national and international levels linked to accountability and enforcement of international rulings.
- **Strategic Advocacy and Digital Narratives:** support to the development of Palestinian evidence-based advocacy and communication strategies, including digital storytelling and targeted diplomatic outreach as well as the targeting of social media and mainstream media platforms.

Activities related to Outputs 4.1-4.3 under Outcome 4 – Urban planning and housing rights:
- **Integrated Legal and Technical Housing Support:** establishment of one-stop support hubs providing legal aid, architectural advice and technical expertise on housing and permit processes, alongside rights awareness-raising.
- **Community-Led Housing Rehabilitation:** implementation of community-driven housing rehabilitation and small-scale construction projects.
- **Housing Finance Support:** facilitation of access to dedicated housing finance mechanisms.

3.3 Mainstreaming

Environmental protection, Climate change and biodiversity

Outcomes of the Environmental Impact Assessment (EIA) screening: The EIA screening classified the action as Category B (not requiring an EIA, but for which environmental aspects will be addressed during design). The action does not foresee large-scale infrastructure or activities. Minor rehabilitation works (e.g. housing,

schools, community facilities) may have limited environmental implications. These will be addressed through appropriate mitigation measures, including resource efficiency and waste management, in line with EU environmental standards.

Outcome of the Climate Risk Assessment (CRA) screening: The CRA screening concluded that this action is no or low risk (no need for further assessment). Nevertheless, climate considerations will be integrated into design and implementation, particularly in rehabilitation activities, through the promotion of climate-resilient and energy-efficient solutions, in line with the EU Climate Adaptation Strategy.

Gender equality and empowerment of women and girls: In accordance with Article 8.8 of NDICI-Global Europe[19] and the OECD gender marker reflected in the action, gender equality and the empowerment of women and girls are mainstreamed as a significant objective across all outcomes. This is consistent with the EU Gender Action Plan III (GAP III)[20] and with the approach already set out in the previous East Jerusalem Programmes, which links EU support to women's economic and social rights, participation, protection from gender-based violence, and access to education and legal support. The action addresses the structural and discriminatory barriers that limit the participation of women and girls in economic life, education, community leadership, and access to services. Gender will be integrated through sex-disaggregated data, gender-responsive indicators and targets, inclusive participation mechanisms, and safeguarding procedures.

Human Rights: In line with Article 8.2 of the NDICI-Global Europe Regulation[21], the action applies a Rights-Based Approach[22] encompassing civil, political, economic, social and cultural rights, with a particular focus on poor, marginalised and vulnerable groups. The Rights-Based Approach is central to each project because the challenges faced by Palestinian Jerusalemites are rooted in prevailing human rights violations and the absence of effective protection mechanisms. The action is coherent with the EU Action Plan on Human Rights and Democracy and relevant EU human rights guidelines. It will prioritise people and groups facing the greatest rights deficits, including women, youth, children, PWDs, residents at risk of demolition or displacement, and civil society actors operating in a shrinking civic space. Human rights are therefore not confined to Outcome 3 but constitute a cross-cutting operational principle for the entire intervention.

Disability: In line with Article 8.2 of NDICI-Global Europe[23], which explicitly requires attention to persons with disabilities under the "leave no one behind" approach, and consistent with the disability marker identified for the action, disability inclusion is mainstreamed as a significant objective. The action will promote accessibility and inclusion in education, livelihoods, social services and community participation. It will seek to ensure that persons with disabilities are not treated solely as beneficiaries of services, but also as participants in community-led processes, local governance structures and advocacy spaces.

Democracy: In line with Article 8.8 of NDICI-Global Europe[24], democracy is mainstreamed throughout the action as a cross-cutting principle, particularly through support to participation, accountability, civic space and community representation. Democracy in this action is therefore understood not in narrow electoral terms, but in terms of participation, pluralism, civic agency, representation and the ability of communities to articulate priorities, defend rights and engage in public life despite structural restrictions.

Conflict sensitivity, peace and resilience: In line with Article 8.8 and Article 12.2(b) of the NDICI-Global Europe framework[25], the action adopts a conflict-sensitive and resilience-oriented approach, based on a multidisciplinary analysis of context, risks, vulnerabilities and capacities. The action is designed according to the principle of "do no harm", with attention to the risk that interventions could unintentionally reinforce exclusion, exacerbate tensions, or expose communities and partners to greater protection risks. At the same time, the action contributes to resilience by addressing structural drivers of vulnerability, including poverty, exclusion, lack of services, erosion of social cohesion, attacks on identity, insecure housing, and restricted civic space.

[19] https://eur-lex.europa.eu/eli/reg/2021/947/oj
[20] https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf
[21] https://eur-lex.europa.eu/eli/reg/2021/947/oj
[22] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020JC0005
[23] https://eur-lex.europa.eu/eli/reg/2021/947/oj
[24] https://eur-lex.europa.eu/eli/reg/2021/947/oj
[25] https://eur-lex.europa.eu/eli/reg/2021/947/oj

Disaster risk reduction: N/A

3.4 Risks and external assumptions

Category[26]	Risks	Likelihood	Impact	Mitigating measures
1 - External environment	Escalation of political tensions, violence, access restrictions.	High	High	Flexible delivery; contingency planning; local partners; context monitoring.
	Restrictions by Israeli authorities (permits, demolitions, closures).	High	High	Careful planning; legal support; coordination with EU and protection actors.
	Economic deterioration affecting livelihoods and service delivery.	Medium	H	Diversified livelihoods; adaptive programming; market monitoring.
	Shrinking civic space and pressure on CSOs.	High	High	Strengthen CSOs; partnerships; context-sensitive implementation.
	Minor environmental risks from small-scale works	Low	Low	Environmental screening; basic mitigation measures.
2 - Planning, processes and systems	Delays in implementation (procurement, coordination, logistics).	Medium	Medium	Strong management; advance planning; regular coordination.
	Weak coordination among stakeholders	Medium	Medium	Coordination platforms; stakeholder engagement.
	Limited participation of women and vulnerable groups	Medium	Medium	Targeted outreach; inclusive design; safe spaces.
3 - People and the organisation	Capacity gaps among implementing partners	Medium	Medium	Capacity building; supervision; phased delivery.
4 - Legality and regularity aspects	Compliance risks (permits, legal constraints, regulatory changes)	Medium	High	Legal monitoring; compliance checks; documentation.
5 - Communication and information	Data collection constraints and monitoring limitations	Medium	Medium	Simplified tools; training; adaptive monitoring.
	Reputational risks and political sensitivities	Medium	Medium	Careful communication; EU alignment; risk-aware visibility.

External assumptions

The achievement of the action's objectives is contingent upon several external factors that are beyond the direct control of the implementing partners. Given the complex and volatile context of East Jerusalem, these assumptions relate primarily to the political and security environment, regulatory conditions, and the operational space available to civil society and communities. The following assumptions underpin the intervention logic and are considered necessary for the effective implementation of activities and the attainment of expected results:

[26] The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information

- The political and security situation remains stable enough to allow continued access to beneficiaries.
- No significant increase in administrative or regulatory restrictions (e.g. permits, demolitions, closures) that would prevent implementation of activities.
- CSOs are able to operate and engage with communities, despite a constrained civic space.
- Local communities remain willing and able to participate in project activities, including women, youth and vulnerable groups.
- Basic access to markets, services and infrastructure is maintained, enabling progress in livelihoods, education and social support interventions.
- Implementing partners maintain operational capacity and are able to adapt to contextual challenges.
- Coordination among key stakeholders (EU, UN agencies, NGOs, local actors) is functional and effective.
- Data collection and monitoring remain feasible, allowing adequate tracking of results and performance.
- No major environmental or climate-related shocks significantly disrupt implementation.
- Continued political and financial support from the EU for engagement in East Jerusalem.

3.5 Intervention logic

For **economic development and livelihoods**, the logic is that **if** political and institutional space allows economic activity, **and if** businesses, workers, and institutions are willing and able to engage, **then** legal, financial, skills and market-support interventions will contribute to diversified livelihoods, inclusive job creation, improved economic resilience, **provided** that macroeconomic conditions remain stable and access to markets and services is not further restricted. For **social services and social cohesion**, the logic is that **if** civic space allows collective organisation **and if** communities, CSOs, youth, and women are willing to collaborate, **then** strengthened coordination, representative governance structures, inclusive participation, and cultural visibility can enhance community resilience, social cohesion, and collective capacity to defend rights and priorities, **provided** that CSOs are able to operate and maintain minimum levels of funding and access.
In the case of **inclusive education**, the logic is that **if** communities, educators, and institutions retain sufficient space to act, **and if** they value educational autonomy and cultural identity, **then** advocacy, legal action, pedagogical reform, and participatory governance can protect Palestinian education systems, improve learning quality, and strengthen cultural resilience despite political pressures, **provided** that schools and education actors are able to function without prohibitive regulatory or security constraints. Regarding **cultural heritage** the programme logic is that **if** Palestinians in East Jerusalem are able to collectively shape and express their cultural identity through education, arts, public spaces, and digital platforms, **and if** cultural actors coordinate and collaborate effectively, **then** culture can serve as a powerful driver of identity preservation, youth engagement, social cohesion, and international visibility, despite structural constraints, **provided** that cultural expression and activities are not further restricted and that minimum resources for cultural actors are sustained.

Finally, for the **protection of human rights,** the theory is that **if** Palestinian-led, evidence-based, and coordinated advocacy is supported through flexible funding, protective mechanisms, and strong coalitions, **then** alternative narratives, visibility, and international engagement on East Jerusalem (and Palestine) can be reshaped, preserving civic space, and increasing pressure for accountability despite structural power imbalances, **provided** that documentation, advocacy, and engagement with international mechanisms remain feasible and that key stakeholders retain the capacity to act.

For **housing and urban development**, the theory is that **if** credible evidence, strategic messaging, legal support, and international advocacy can be sustained, **and if** residents are empowered to understand and assert their rights, **then** visibility, pressure, and incremental accountability mechanisms can help protect housing rights and challenge violations, even in a highly constrained political environment, **provided** that legal avenues and advocacy spaces remain accessible and that international engagement continues.

3.6 Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators[27]	Baselines[28]	Step/targets[29]	Sources of data	Assumptions
Impact 1	To maintain the viability of the two-state solution, with Jerusalem as the capital of two states, in line with the EU Council Conclusions on the Middle East Peace Process[30]	1) Ratio of Palestinian population living in East Jerusalem	1) Baseline (2025): 38% (disaggregated by sex)	1) Target (2028): ≥38% (disaggregated by sex)	Central Bureau of Statistics (Israel)	*Not applicable*
		2) % of Palestinian households living under the poverty line in Jerusalem	2) Baseline (2025): ~61%% Palestinians living under the poverty line (disaggregated by sex)	2) Target (2028): 56% (disaggregated by sex)	Statistics from PCBS	
Outcome 1	1. Enhance socio-economic resilience and cohesion in East Jerusalem	1.1) % beneficiaries with improved/stable income	1.1) Baseline (2025): TBD	1.1) Target (2028): 50%	Survey	Local markets remain accessible and functional; Beneficiaries are willing and able to engage in economic activities; . No restrictive measures significantly limit business operations or mobility.
		1.2) Number of targeted MSMEs operational after 12 months	1.2) Baseline (2025): ~50%	1.2) Target (2028): 70%	Survey	
		1.3) Number of jobs created supported/sustained by the EU (GERF 2.13)	1.3) Baseline (2025): 200	1.3) Target (2028): ≥200	Survey	

All indicators will be sex and age disaggregated where possible.

[28] Where available, baseline values have been included but in a limited number of cases, they will have to be completed during the inception period.

[29] Where available, targets have been included but, in many cases, they can only be agreed upon once implementing partners have been selected.

[30] https://www.consilium.europa.eu/en/press/press-releases/2016/01/18/fac-conclusions-mepp/pdf/

Outcome 2	2. Preserve Palestinian identity from education to culture in East Jerusalem	2.1) Number of students enrolled in education with EU support: (a) primary education, (b) secondary education (GERF 2.36)	2.1) Baseline (2025): TBC; Infrastructure/capacity gaps; Underfunded sector	2.1) Target (2028): 5,000 students; 30 schools; 20 sites; 70 initiatives	-School records -M&E -Cultural reports	Schools and community services remain operational and accessible; Families and communities support participation in education and social programmes.
		2.2) Percentage of Palestinian youth (ages 15–30) actively participating in at least one traditional cultural practice AND able to demonstrate knowledge of Palestinian history and heritage.	2.2) Baseline (2025): TBC	2.2) Target (2028):	Implementing Partners' monitoring systems	
Outcome 3	3. Uphold Human Rights and International Human Rights Law in East Jerusalem	3.1) Number of documented cases that received legal aid support	3.1) Baseline (2025): TBC; Fragmented documentation	3.1) Target (2028): 1,200 cases	NGO/legal reports	CSOs continue to operate despite constraints; Communities remain willing to engage in collective and community-based initiatives; No significant escalation in repression limiting community engagement or advocacy.
		3.2) Number of cases resolved in court with sentences based on human rights principles, Israeli law, or international law	3.2) Baseline (2025): TBC; Limited admission	3.2) Target (2028): 80 actions	Legal tracking	
Outcome 4	4. Improve Housing Rights and equitable urban planning in East Jerusalem	4.1) Number of families whose housing units are rehabilitated	4.1) Baseline (2024): 184 structures	4.1) Target (2028): 240	partners' reports	Access to sites and communities for rehabilitation activities is maintained;

		4.2) Number of Palestinians directly displaced as a result of demolitions	4.2) Baseline (2024): 1000	4.2) Target (2028): 0 displacements	OCHA reports	No large-scale demolitions or restrictions preventing implementation of works; Communities willing to engage in urban and cultural preservation initiatives.
		4.3) % of building applications granted to Palestinians on all permit requests grated yearly by the Municipality	4.3) Baseline (2024): 5%	4.3) Target (2028): 15%	OCHA reports	
Output 1.1 related to Outcome 1	**Output 1.1:** Enhanced and diversified livelihood opportunities for Palestinians in East Jerusalem	1.1.1) Number of people who have benefited from institution or workplace-based apprenticeships supported by the EU	1.1.1) Baseline (2025): 200	1.1.1) Target (2028): 1000	Implementing Partners (IP)'s monitoring systems	The economic and regulatory environment remains conducive to business activity; Sufficient civic space exists for community actors to operate, and communities remain willing to engage in collective action.
		1.1.2) VET/skills development interventions supported by the EU: (a) all VET/skills development, (b) only VET/skills development for digitalisation (GERF 2.14)	1.1.2) Baseline (2025): 2500	1.1.2) Target (2028): 1000	IP's monitoring systems	
		1.1.3) Number of people directly benefiting from EU supported interventions that aim to reduce social and economic inequality (GERF 2.39)	1.1.3) Baseline (2025): 5000	1.1.3) Target (2028): 10.000	IP's monitoring systems	
Output 1.2 related to Outcome 1	**Output 1.2:** Strengthened capacities of Palestinian MSMEs to diversify, access markets and financial services, to demand their economic rights	1.2.1) Number of MSMEs benefitting from EU support	1.2.1) Baseline (2025): 200	1.2.1) Target (2028): 200	IP's monitoring systems	
Output 1.3 related to Outcome 1	**Output 1.3:** Strengthened provision of community-based comprehensive care services in East Jerusalem by service providers and with the participation of	1.3.1) Number of community-based comprehensive care services established or supported by the Action	1.3.1) Baseline (2025): 1	1.3.1) Target (2028): 1	IP's monitoring systems	

	local communities including youth and women					
Output 1.4 related to Outcome 1	**Output 1.4:** Enhanced solidarity networks and structures	1.4.1) Number of grassroots CSOs benefitting from (or reached by) EU support (GERF 2.28)	1.4.1) Baseline (2025): 20	1.4.1) Target (2028): 20	IP's monitoring systems	
		1.4.2) Number of networks and structures supported by the EU	1.4.2) Baseline (2025): 5	1.4.2) Target (2028): 5	IP's monitoring systems	
Output 2.1 related to Outcome 2	**Output 2.1:** Strengthened community-centred and digital school environments and infrastructures	2.1.1) Number of schools supported (by type primary/secondary/early education, etc.)	2.1.1) Baseline (2025): 38	2.1.1) Target (2028): 30	IP's monitoring systems	Stakeholders retain the ability and motivation to operate, engage, and contribute to positive change; Sufficient space exists for cultural expression, and cultural initiatives remain feasible and supported by communities.
Output 2.2 related to Outcome 2	**Output 2.2**: Increased pedagogical, technical, institutional and legal capacity of educators and administrators to provide inclusive and quality education and alternative learning pathways	2.2.1) Number of educators and managers from the education system trained/supported (disaggregated by sex and by position)	2.2.1) Baseline (2025): 400	2.2.1) Target (2028): 400	IP's monitoring systems	
Output 2.3 related to Outcome 2	**Output 2.3:** Residential and public buildings within and around the Old City are rehabilitated or adaptively reused	2.3.1) Number of residential or public buildings within and around the Old City rehabilitated or adaptively reused	2.3.1) Baseline (2025): 10	2.3.1) Target (2028): 10	IP's monitoring systems	
Output 2.4 related to Outcome 2	**Output 2.4:** Increased capacities of cultural institutions and creative industries to protect the Palestinian archaeological heritage and promote Palestinian identity	2.4.1) Number of cultural/creative institutions supported to protect the Palestinian archaeological heritage and promote Palestinian identity	2.4.1) Baseline (2025): 5	2.4.1) Target (2028): 5	IP's monitoring systems	

Output 3.1 related to Outcome 3	**Output 3.1:** Integrated protection and documentation systems, compliant with safety protocols for human rights defenders and international accountability standards	3.1.1) Number of integrated protection and documentation systems established with EU support incorporating safeguarding protocols and international standards	3.1.1) Baseline (2025): 2	3.1.1) Target (2028): 2	IP's monitoring systems	Advocacy remains feasible and relevant, and stakeholders retain the ability to influence discourse and priorities; International accountability mechanisms remain accessible and credible, and documentation and advocacy can be conducted without undue risk to those involved.
Output 3.2 related to Outcome 3	**Output 3.2:** Strengthened mechanisms for strategic litigation including mixed legal defence (local and international) and filings	3.2.1) Number of victims of human rights violations directly benefiting from assistance funded by the EU (GERF 2.30)	3.2.1) Baseline (2025): 2000	3.2.1) Target (2028): 2000	IP's monitoring systems	
Output 3.3 related to Outcome 3	**Output 3.3:** Strengthened capacities of Palestinian institutions and organisations to design and implement digital, evidence-based advocacy and communication strategies for public diplomacy and countering disinformation	3.3.1) Number of entities supported to improve their capacities including digital skills for public diplomacy and countering misinformation	3.3.1) Baseline (2025): 10	3.3.1) Target (2028): 10	IP's monitoring systems	
Output 4.1 related to Outcome 4	**Output 4.1:** Increased comprehensive and integrated services (legal aid, architectural and technical advice and information) on housing regulations and permit processes for residents	4.1.1) One-stop hubs for housing services	4.1.1) Baseline (2025): 1	4.1.1) Target (2028): 1	IP's monitoring systems	Access to sites and communities is maintained, and no major restrictions (e.g. demolitions, permit denials) prevent implementation; Security and operational conditions allow safe execution of rehabilitation and urban activities;
Output 4.2 related to Outcome 4	**Output 4.2:** Expanded community-led housing solutions including rehabilitation	4.2.1) Number of households assisted	4.2.1) Baseline (2025): 180	4.2.1) Target (2028): 240	IP's monitoring systems	
		4.2.2) Number of units rehabilitated	4.2.2) Baseline (2025): 0	4.2.2) Target (2028):	IP's monitoring systems	

Output 4.3 related to Outcome 4	**Output 4.3:** Increased credit and innovative financial instruments for housing	4.3.1) Existence of a mechanism to help access financial services with EU support for housing (GERF 2.17)	4.3.1) Baseline (2025): 1	4.3.1) Target (2028): 1	IP's monitoring systems	Communities and stakeholders remain willing to engage in housing, urban development and cultural initiatives.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2 Indicative implementation period

The indicative operational implementation period of this Action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 96 months as of the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation modalities

The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures[31].

4.3.1 Direct management (Grants)

a) Purpose of the grant(s)

The grants will contribute to the four Specific Objectives/Outcomes of this Action.

b) Type of applicants targeted

Formally established legal entities, such as, local NGOs, international NGOs, non-for-profit organisations including faith-based structures, public bodies and economic operators, among others, are equally eligible[32].

(c) Justification of a direct grant

Under the responsibility of the responsible Commission's authorising officer, a grant may be awarded without a call for proposals to entities meeting the criteria under point (b), selected based on at least one of the following: (a) operational experience in East Jerusalem; (b) specific knowledge of the relevant field; (c) experience managing similar projects; and (d) relevant technical expertise. Recourse to the award of a grant without a call for proposals is justified, and in accordance with point (a) of Article 198 of the Financial Regulation, by the designation of the Gaza Strip and the West Bank, including East Jerusalem, as being in a "crisis situation" referred to in Article 2(22) of the Financial Regulation.

Operating in East Jerusalem is highly constrained. Palestinian civil society organisations face severe restrictions, including designations as "terrorist entities"[33] or alleged links to the Palestinian Authority, often leading to closures or suspended activities. At the same time, the deregistration of international NGOs has sharply reduced the number of organisations able to operate and weakened coordination. These factors significantly limit the pool of potential partners and increase operational complexity.

[31] https://www.sanctionsmap.eu/#/main - Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

[32] Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards (OJ C 205, 19.7.2013, p. 9)

[33] https://nbctf.mod.gov.il/en/Pages/211021EN.aspx

In this context, it is essential to maintain flexibility in selecting implementing partners with the capacity and ability to deliver services. Such flexibility helps improve coordination among the few remaining actors, reduce duplication and competition, and better align actions with strategic priorities, ultimately maximising impact in a highly challenging environment.

4.3.2 Direct management (Procurement)

Procurement will contribute to the four Specific Objectives/Outcomes of this Action.

4.3.3 Indirect management with an entrusted entity [34]

A part of this Action may be implemented in indirect management with an entity or entities which will be selected by the Commission's services using the following criteria: (i) access, outreach, and strong relationships with the local community, community based organisations (CBOs) and other local/international NGOs in East Jerusalem; (ii) in-depth sectoral expertise, alongside extensive knowledge of the development of the specific sector in which its expertise is held in the Palestinian context in East Jerusalem; (iii) proven experience in working in East Jerusalem (or similar conflict contexts) and preferably in managing EU funds; (iv) strong added value in the field of expertise that is difficult to match by local/international organisations; and (v) has the ability to implement sensitive projects that other local/international NGOs might not be able to implement due to certain political sensitivities.
The implementation by this entity entails the development and implementation of public policies/civic services provisions in the vacuum created by the situation in East Jerusalem in line with the four Specific Objectives/Outcomes of the programme as well as the Outputs described in section 3.

4.3.4 Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management, as defined in section 4.3.3. cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by grants would be used according to the description under 4.3.1.

If the implementation modality under direct management as defined in section 4.3.1 (grants) and 4.4.2 (procurements) cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity would be used according to section 4.3.3.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this Action impossible or exceedingly difficult (Article 28(10) of the NDICI-Global Europe Regulation).

[34] The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.

4.5 Indicative budget

Indicative Budget components	EU contribution (in EUR) 2026	EU contribution (in EUR) 2027	Total EU Contribution (in EUR) 2026-2027	Indicative third party contribution, (in EUR)	Total (in EUR)
- Grants (direct management) – section 4.3.1	9,750,000	9,425,000	**19,175,000**	2,887,500	22,062,500
- Procurement (direct management) –section 4.3.2	200,000	200,000	**400,000**	0	400,000
- Indirect management with EU Member States /international organisations- section 4.3.3	2,000,000	2,000,000	**4,000,000**	800,000	4,800,000
Evaluation (section 5.2)	0	75,000	**75,000**	0	75,000
Audit/Expenditure verification (section 5.3)	50 000	50 000	**100,000**	0	100,000
Strategic communication and public diplomacy (section 6)	0	250,000	**250,000**	0	250,000
Contingencies	0	0	**0**	0	0
Total	12,000,000	12,000,000	**24,000,000**	3,687,500	27,687,500

4.6 Organisational set-up and responsibilities

Implementation will be carried out by the selected implementing partners (IPs). The respective agreements signed with these IPs will describe in detail the organisational set up and the roles and responsibilities of the participating partners including steering committee arrangements. As regards local partners, the EU coordinates on priority sectors with the East Jerusalem Unit under the Office of the President of the Palestine Liberation Organisation (PLO) through a Joint Committee established in 2011. Furthermore, whenever possible, with relevant line ministries.

Civil society consultations are conducted bilaterally on a regular basis. In addition, once a year, the EU conducts at least one joint consultation session with active organisations, CBOs and international NGOs in the city when possible. On a regular basis, the EU also holds meetings of the EU informal working group on East Jerusalem, with representatives of EU Member States and like-minded countries.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the Action.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process and is part of the IPs' core responsibilities. The IPs shall establish internal, technical, and financial monitoring systems for their specific projects/interventions which will provide inputs for their regular progress reports (not less than annual), and final reports. Every report shall provide an accurate account of implementation progress, difficulties encountered, changes introduced, as well as the degree of achievement

of planned outputs and contribution to the achievement of the EJP outcomes. If possible, at the time of reporting, project contributions to the achievement of the EJP's impact will also be assessed and reported on. IP monitoring systems will clearly identify the outputs they will produce and the corresponding EJP outcomes and impact to which they will contribute. To this end, relevant results and indicators from the EJP Logframe Matrix presented above will be drawn on. Responsibility for data collection and analysis as well as monitoring and reporting lies with the IPs, with EUREP having responsibility for aggregating the data supplied by the IPs and reporting on the progress towards the EJP outputs, outcomes and (where feasible), impact. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.2 Evaluation

Having regard to the nature of the Action, and the volatile context within which it is operating, a mid-term evaluation will be carried out for this Action and its components via independent consultants, and where relevant, through a joint mission contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the continued relevance of the different workstreams supported by the Action. The Commission shall inform the IP at least two months in advance of the dates envisaged for the evaluation exercise and missions. The IPs shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with key stakeholders following the best practice of evaluation dissemination. The IPs and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.3 Audit and verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work, by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document *Communicating and raising EU visibility: Guidance for external actions*[35] (or any successor document). This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements. For the purpose of enhancing the visibility of the EU and its contribution to this Action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the Action and its objectives as well as on EU funding of the Action should be measured.
Implementing partners shall keep the Commission and EUREP fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall Action to the relevant monitoring committees.

[35] https://international-partnerships.ec.europa.eu/knowledge-hub/communicating-and-raising-eu-visibility-guidance-external-actions_en

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
SO 1 - Enhance socio-economic resilience and cohesion in East Jerusalem		
☐	Single Contract 1	SO-1-output 1.1-Grant/Contribution agreement with an Entrusted Entity
☐	Single Contract 2	SO1-output 1.2-Grant/Contribution agreement with an Entrusted Entity
☐	Single Contract 3	SO1-output 1.3-Grant
☐	Single Contract 4	SO1-output 1.4-Grant
SO 2 - Preserve Palestinian identity, from education to culture, in East Jerusalem		
☐	Single Contract 5	SO2-output 2.1-Grant/Contribution agreement with an Entrusted Entity
☐	Single Contract 6	SO2-output 2.2-Grant
☐	Single Contract 7	SO2-output 2.3-Grant/Contribution agreement with an Entrusted Entity
☐	Single Contract 8	SO2-output 2.4-Grant
SO 3 - Uphold human rights and international human rights law in East Jerusalem		
☐	Single Contract 9	SO3-output 3.1-Grant
☐	Single Contract 10	SO3-output 3.2-Grant
☐	Single Contract 11	SO3-output 3.3-Grant
SO 4 - Improve housing rights and equitable urban planning in East Jerusalem		
☐	Single Contract 12	SO4-output 4.1-Grant
☐	Single Contract 13	SO4-output 4.2-Grant
☐	Single Contract 14	SO4-output 4.3-Grant