Monday 25 May 2015, Jerusalem – The coming period will be critical for the future of the peace process, with concerns growing about the lack of a horizon for the resumption of negotiations towards a two-state solution, according to the latest report issued by the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO). The report will be presented to the Ad Hoc Liaison Committee (AHLC) at the twice annual meeting in Brussels on May 27, 2015.

The report warns that maintaining the current untenable status quo will “inexorably lead to the continued erosion of living conditions for Palestinians and for Israelis alike and will undermine the security and stability of all.” It notes the call by UN Special Coordinator for the Middle East Peace Process Nickolay Mladenov during his recent briefing to the Security Council on both parties “to expend every effort to build upon existing agreements, including relevant UN Security Council resolutions, the Roadmap and the Arab Peace Initiative, to gain momentum towards a final status agreement.”

The report reiterates the call on the new Government of Israel to take credible steps to reaffirm its commitment to a two-state solution, including a freeze of settlement activity, to promote a resumption of meaningful negotiations. Continued security cooperation between Palestinian and Israeli authorities also remains a cornerstone of a peaceful resolution.

The political and security situation in the West Bank, including East Jerusalem, continues to deteriorate with heightened levels of violence and renewed settlement activities, the report states. On Area C, the report notes that “the United Nations continues to support local Palestinian authorities in developing adequate social infrastructure... but the programme faces challenges due to the slow pace of Israeli approvals.” It also expresses concerns about recent moves to relocate Bedouin communities near Abu Nwar in the politically sensitive E1 area of the West Bank that may be linked to further settlement construction.

The report also highlights the considerable challenge in putting the Government of Palestine’s finances on a stable footing. “While the recent release of outstanding tax revenues by Israel is welcome, it is essential that agreement on a sustainable solution
on tax collection in line with the Paris Protocol of the Oslo Accords is reached," the report underscored.

Turning to the Gaza Strip, the report notes that the United Nations objective remains to see the lifting of all closures within the framework of Security Council resolution 1860 (2009) in a manner which addresses Israel's legitimate security concerns. In the absence of such a change, the Gaza Reconstruction Mechanism (GRM) remains the only available option to facilitate the entry of "dual use" materials necessary for reconstruction. To date, close to 85,000 of the 100,000 households in need of construction materials to repair their partially destroyed homes have received materials. The report also highlights that out of the 168 projects submitted by the private sector and the international community, 85 projects are approved and eight are ongoing.

Turning to the challenges of intra-Palestinian reconciliation and unity, the report welcomes Prime Minister Rami Hamdallah’s efforts towards finding a solution for public sector employees in Gaza and encourages all factions to support his initiative. "The United Nations also stands ready to work with all stakeholders and support the Government’s efforts. A comprehensive reconciliation must include the GNC resuming control over the crossings into Israel and Egypt. The responsibility for addressing these issues lies first and foremost with the Palestinian authorities," the report adds.

**Note to Editors:** The Ad Hoc Liaison Committee (AHLC) serves as the principal policy-level coordination mechanism for development assistance to the oPt. The AHLC is chaired by Norway and co-sponsored by the EU and the US. In addition, the United Nations participates together with the World Bank and the International Monetary Fund (IMF). The AHLC seeks to promote dialogue between donors, the Palestinian Authority and the Government of Israel. The full report to the AHLC prepared by the Office of the UN Special Coordinator for the Middle East Peace Process is attached to this release and includes an executive summary of its main conclusions.