

**Remarks by Mr. Robert Serry – United Nations Special Coordinator for the Middle East  
Peace Process at the Conference on Cooperation among East Asian Countries for  
Palestinian Development (CEAPAD)**

**Tokyo, 14 February 2013**

Your Excellency Foreign Minister Kishida,

Your Excellency Prime Minister Fayyad,

Your Excellency Foreign Minister Natalegawa,

Your Excellency Secretary-General El-Araby,

Esteemed Ministers,

Excellencies,

Ladies and Gentlemen,

Please allow me first of all to thank the Government of Japan for inviting me, and to extend my sincere appreciation to Japan and the State of Palestine for hosting this timely conference. I am delighted to be here and discuss the important subject of support to Palestinian state-building with distinguished colleagues from the region, but also with the no less important circle of stakeholders here that represent East Asian countries. Palestinian state-building is an effort that deserves support as broad-based as possible – financially as well as politically. It is a remarkable achievement that must not go to waste. As the Representative of the United Nations Secretary-General on the ground, based in Jerusalem, let me share with you how I see things from there.

It is important to remember that Palestinian state-building has come a long way. It has taken Palestinians in the West Bank from insecurity to law and order: Thanks to Prime Minister Fayyad's security plan, launched in 2007, Palestinian Security Forces are now in control of Palestinian towns and villages in the West Bank where armed militias used to rule by force. The Palestinian Authority, with support from the UN, is working on a national human rights action plan. Public and social services function reasonably well, and compare favorably to other countries in the region. Palestine's human development index – combining economic development, schooling and life expectancy – is in line with the countries in the region. On average, the economy has grown after a low-point in 2002, even if across Palestine, real GDP per capita is expected to exceed the level of the late-1990s only at the end of this year. It is essential that this growth be sustained and sustainable, driven by a vibrant private sector with the ability to trade freely. There has been tangible progress all over, whether material or immaterial.

The determination with which President Abbas and Prime Minister Fayyad have advanced the state-building agenda deserves to be commended by all of us. It is thanks to their leadership that

Palestinians are better off today, and that Palestine was able to strengthen its case for statehood. This success is even more noteworthy as it has taken place in the face of much adversity – first and foremost, the persistent Israeli occupation. Citing security concerns, Israel maintains some 542 obstacles to access and movement in the West Bank – even if some have been lifted in recent years, also as a result of enhanced coordination between Palestinian and Israeli security forces. The Israel Defense Forces still exercise all security responsibility in the Oslo-defined Area C, which constitutes about 62 percent of the West Bank. Settlement construction in that area continues and has even increased substantially during the past year. And of course, East Jerusalem – which Israel considers as annexed, in violation of international law and against the view of the international community – presents all of these problems in exacerbated form. I am not forgetting Gaza, still under a regime of closures, which I will address later.

And yet, the Palestinian Authority has earned the assessment we – the UN – together with the International Monetary Fund and the World Bank, made almost two years ago: We confirmed that Palestine was ready for statehood, with UNSCO reporting to the Ad-Hoc Liaison Committee that the PA's governmental functions in six key thematic areas were sufficient for a functioning government of a state.

By definition however, state-building is premised on the convergence of the political with the institution building track. But as we all know, negotiations have been stalling and there has been hardly any convergence. I am extremely concerned that the state-building gains are increasingly at risk if a credible political horizon for at long last achieving the two-state solution does not materialize soon. I believe that negative trends on the ground are warning signs that we are otherwise sliding backwards, as I have been reporting in my briefing to the Security Council last month: violence in the West Bank has increased, and Israel has stepped up its settlement announcements especially following the General Assembly vote on 29 November. Positive steps by Israel are urgently needed, and possible: Israel can roll back measures of occupation, rescinding especially those settlement plans that jeopardize the contiguity of a Palestinian state. Both sides should abstain from actions that could render efforts to resume meaningful negotiations even harder to achieve in the critical period ahead.

Ladies and Gentlemen,

The continuation of conflict and the prolonged political stalemate constitute fundamental setbacks for the PA. I am aware that there is growing impatience among the international community with the political stalemate, despite the efforts of the Middle East Quartet and regional stakeholders. I believe that General Assembly resolution 67/19, according Palestine non-member observer state status in the United Nations – which many of you supported – was partly also an expression of this impatience.

The United Nations Secretary-General has made it very clear that the vote did not obviate the need for a political agreement, but rather underscored the urgency of resuming meaningful

negotiations. He has repeatedly highlighted that 2013 will be a decisive year for the two-state solution and that the parties must now show the political will to cooperate with renewed efforts to achieve a two-state solution. President Obama's upcoming visit is an opportunity for both sides to demonstrate seriousness and a constructive attitude. We should all understand that the consequences of inaction this year may be dire.

The United Nations is doing its share in support of Palestinian state-building. More than 20 UN Agencies are active on the ground, including UNRWA whose Commissioner-General, Filippo Grandi, will address you later today. Together with partners, we implemented almost USD 300 million worth of humanitarian projects in 2012 and we are seeking USD 400 million for 2013. UN agencies are also implementing about USD 1.4 billion worth of development programming. This includes about USD 400 million for Gaza's reconstruction. The UN agencies working in Palestine have drafted their first-ever UNDAF, or UN Development Assistance Framework. It shows the UN's continued commitment to supporting Palestinian state building – in line with the new Palestinian development plan which is being formulated. The UN and the PA have set up a Trust Fund which provides one channel for UN support to Palestinian state building. The Trust Fund also serves as a mechanism to advance UN projects in Gaza, where the humanitarian and development needs remain huge.

The Palestinian divide has been preventing the Palestinian Authority from extending to Gaza the full promise of the state-building agenda, while it remains engaged by continuing to fund salaries and services to the tune of USD 120 million per month – over 40 percent of the PA's budget. Gazans should also be able to enjoy the benefits of state-building – just as there is no two-state solution without Gaza. The deadly escalation in November once again made clear the fragility of the status quo. Following the 21 November ceasefire, we have experienced the longest time in 10 years without rockets being fired from Gaza and some welcome Israeli steps to ease the closure – but more progress is needed. I see opportunity as for the first time, we have a mechanism to implement the ceasefire, with Egypt's valuable support. At long last, we have the opportunity to implement Security Council Resolution 1860 in full, including lifting the closure on Gaza. We must remember, however, that Israel's legitimate security interests must also be addressed, meaning that efforts must continue to maintain the calm and prevent the smuggling of weapons into Gaza. And finally, Palestinian reconciliation also needs to be advanced in seriousness in accordance with the PLO commitments. Reconciliation and negotiations are both essential for achieving the two-state solution, not an "either-or" proposition.

I am concerned that the capacity of the Palestinian Authority to carry out its important responsibilities is also at risk due to its dire financial situation. As Prime Minister Fayyad has explained, Palestine ended the year 2012 with a budgetary deficit of 1.6 billion dollars (on a commitment basis), and external budgetary support remained more than a fifth below expectations. The budgetary squeeze has worsened since the 29 November General Assembly vote, as Israel retaliated by withholding and redirecting tax payments it collects on behalf of the Palestinian Authority. I am heartened that the Palestinians are working to reduce the deficit and

increase revenues in their draft budget for 2013. I welcome Israel's announcement that it will transfer frozen funds for the month of December. To put Palestine's finances on a stable track, its revenues need to be predictable and sustainable – and this, inevitably, will require private sector growth. I welcome recent announcements from several donor countries about additional financial support. I encourage donor countries present to continue and expand their financial support, and potential donors to consider adding their contribution.

Ladies and Gentlemen,

The state-building achievements must not be taken for granted. The period ahead is critical and no time must be wasted. There is an urgent need for concerted action to safeguard progress on the ground and provide a credible political horizon for the two-state solution this year. I call on all the stakeholders here today to lend their financial and political support to the Palestinian Authority in this regard.

Thank you.