

Remarks at the Meeting of the Ad Hoc Liaison Committee (AHLC)

Under-Secretary-General Rosemary A. DiCarlo

New York, 26 September 2019

Foreign Minister Soreide,

High Representative Mogherini,

President Abbas,

Excellencies, ladies and gentlemen.

On behalf of the Secretary-General, I would like to express my gratitude to Norway for convening and chairing this important meeting.

Regrettably, this AHLC convenes yet again as the steady deterioration on the ground in Gaza and the occupied West Bank, including East Jerusalem, is moving us further and further away from ending the occupation and realizing a negotiated two-State solution based on relevant UN resolutions and bilateral agreements.

Daily violence continues to affect the lives of both Israelis and Palestinians. Settlement construction and expansion as well as demolitions remains unabated as the threat of unilateral Israeli annexation of parts of the West Bank, in violation of international law, gains pace.

Israel's closure regime, Hamas' continued control of Gaza, and lack of progress on intra-Palestinian reconciliation are cementing the separation of Gaza and the West Bank, resulting in significant political, economic and security consequences.

Further exacerbating the situation, are the impediments to Palestinian economic development which seem to grow more entrenched as each day passes without an urgent resolution to the Palestinian fiscal crisis.

Excellencies,

Over the past year and despite reduced funding, the UN and partners have continued to provide high levels of humanitarian and development assistance to the Palestinian people.

The concerted effort by Egypt and the UN to de-escalate tensions and prevent another devastating conflict in Gaza have been successful for more than a year now. Thanks to funding provided by member states, we have seen critical improvements in electricity supply, the creation of thousands of temporary jobs and increased operating hours of water and health facilities.

With your continued support, these efforts aimed at stopping the further collapse of Gaza's economy and services can be expanded to have a more sustainable impact on the ground. In this respect, I would like to recognize the role of Qatar and its generous support for these initiatives. Allow me also to welcome Qatar's participation in today's meeting

Despite the mobilization of efforts, Gaza's health system remains on the brink of collapse. With essential medicines and medical disposables at dangerously low levels, and over 1,000 people in need of complex surgery, the UN will increase its assistance to respond to this health crisis. Improvements in the distribution of essential drugs and an upgrade of equipment and infrastructure are immediately required.

Excellencies,

As we have shown, forestalling the downward spiral and preventing renewed conflict requires our collective and sustained engagement.

First, the international community must continue to support the Palestinian people and their legitimate right to self-determination.

This requires strengthening both our support to the Palestinian Authority and our efforts to advance the goal of establishing two-States - Israel and Palestine - which remains the only viable option to resolve the conflict. The enormous strides taken since the establishment of the Palestinian Authority must be consolidated and obstacles limiting its further development removed – we must intensify our resolve to further implement the Palestinian national project or prepare to face the catastrophic consequences.

Second, the evolving fiscal crisis is threatening to cause irreparable damage to the Palestinian economy and the viability of the PA institutions, in which the international community has invested so heavily for decades. Resolving the crisis by addressing the disagreement over Israel's tax deductions, made on behalf of the PA, is critical.

Israel and the Palestinian Authority should find a permanent solution to the fiscal crisis. This can lay the foundations of a structured dialogue on the implementation of the Paris Protocol, including on the resolution of the dispute over Israel's deduction of Palestinian clearance revenues and related concerns. If needed, such a process could be supported by the international community.

Israel should turn the recent *ad-hoc* arrangements on exemption of excise tax "blue tax" on fuel purchases by the PA, into a permanent exemption and de-link it from other files.

For long term fiscal sustainability, and as reported by the World Bank, the Palestinian Authority must address long-standing areas of ineffective expenditure, including civil service and national pension reforms. A broader reform agenda that helps improve the economy, rule of law and Palestinian living standards is essential.

Finally, every effort must be made to avoid a deterioration in the security situation in both Gaza and the occupied West Bank. In this respect, between now and the next AHLC, we encourage the parties to take series of concrete steps, for which they will have our full support.

Despite the lack of progress on the political front, both parties have an interest in making tangible progress to support the development of the Palestinian economy.

These can include, and start with, improved movement and access for Palestinian goods, people and businesses to international markets through increased access to international crossings, in particular Allenby Bridge/King Hussein.

In addition:

- a) Greater integration and trade opportunities between the West Bank and Gaza markets are needed. This includes improving the economic prospects in Gaza through revitalizing its industrial sectors and reducing trade and movement and access restrictions for the private sector.
- b) Full implementation of the AHLC package of urgent humanitarian and economic interventions for Gaza, focusing on supporting the PA to address the health crisis, should be a priority.

Excellencies,

Let me also stress that while all of the above initiatives are critical for strengthening the capacity of Palestinians to develop the economy, they are no substitute for establishing a legitimate political horizon that ends the occupation and establishes a negotiated two-state solution that meets the legitimate aspirations and security needs of both Israelis and Palestinians.

That objective must be the foundation driving all our collective efforts.

Thank you and I look forward to today's interventions.