

Ministerial meeting of the Ad Hoc Liaison Committee (AHLC)

Chair's summary

New York, 18 September 2017

The members of the AHLC met today in New York, to take stock of the Palestinian state building process, and to discuss ways to improve and sustain the Palestinian economy in its effort to maintain the viability of the two-state solution.

The meeting was hosted by UN Under-Secretary General Jeff Feltman, and chaired by Norway's Foreign Minister Mr. Børge Brende.

The Chair of the AHLC ("The Chair") stressed the urgency of resolving the outstanding issues and achieving a negotiated two-state solution, and welcomed the ongoing efforts by the US to resume substantive peace talks.

The Chair called on the parties to refrain from actions that would jeopardize such a political process, and emphasized that resolving the Israeli-Palestinian conflict remains a key priority for achieving regional stability and security.

The Chair emphasized the importance of further strengthening the Palestinian institutions and economy in a holistic manner that includes short, medium and long-term measures to sustain the state-building project.

Realizing progress on the ground will benefit both parties, and carries with it the potential to support, but never supplant, final status negotiations, which aim to achieve an enduring two-state solution.

The Chair commended the progress made by the parties in the discussion over the fiscal issues as well as the improvements on the fiscal position of the PA, in particular the efforts made by the Palestinian government in this regard, and on water and energy delivery.

The Chair raised concerns over recent developments on the ground, including in East-Jerusalem.

In this respect, the Chair called for concerted action to make further progress along three strategic areas before the next meeting: Fiscal sustainability, economic development, and Gaza recovery.

The Chair of the AHLC:

Fiscal sustainability

1. Calls for stronger cooperation between the two parties to eliminate revenue losses in accordance with the Paris Protocol, and to ensure more predictability of

clearance revenues by resolving outstanding financial issues;

2. Supports the efforts by the Palestinian government to balancing the budget, and calls for continued efforts to secure fiscal sustainability, which will allow for improved service delivery;
3. Stresses the importance of reversing the decline in donor budget support;

Economic development

4. Welcomes the progress on strategic projects discussed at this meeting in the water and energy sectors, and calls for further progress to ensure a comprehensive sectoral solution such as the full implementation of the electricity agreement, 161 high voltage line to Gaza, water and wastewater infrastructure, and the finalization of the “Red-Dead” agreement leading to increased water delivery, with support from the international community;
5. Welcomes the gradual opening of the Israeli labor market for Palestinian workers and calls for further easing of Israeli restrictions on movement and access in the West Bank and Gaza, including reductions of trade costs and increased access to Israel for Palestinian workers from the West Bank and Gaza, and stresses that this will benefit the Palestinian economy significantly;
6. Calls for opening of Area C for Palestinian economic development, and emphasizes the positive impact this will have on growth;
7. Recognizes the importance of increasing Palestinian exports as a driver of growth, and calls on Israel to refine the dual use list, and streamline procedures at the crossings; and calls for revision of the A1, A2 and B list under the Paris Protocol, and strengthen the Palestinian customs and trade institutions;
8. Calls on the Palestinian government to continue its efforts to further improve the environment for private sector activity and job creation, including through modernizing business regulation and accelerating land registration;
9. Welcomes the continued determined efforts of the Palestinian government to maintain its regime to deterring money laundering and combating the financing of terrorism (AML/CFT) in line with international standards, and calls for continued

dialogue between the parties to find a long-term solution to preserve correspondent bank relations;

Gaza reconstruction and recovery

10. Expresses deep concern over the deteriorating humanitarian situation in Gaza, in particular with regard to the electricity crisis and its impact on the health, social and economic well-being of the population, and calls for an urgent resolution;
11. Welcomes the efforts of Egypt to facilitate the return of the Palestinian government to assume its responsibilities in Gaza. In this respect, calls on all sides to seize this opportunity;
12. Notes the need to urgently restore electricity supply to Gaza to pre-crisis level and calls on the UN and the international community to create a mechanism to address the chronic energy shortages of Gaza without negatively affecting the already strained Palestinian budget;
13. Stresses the critical need to respond positively to the UN's Emergency Appeal from July 2017 to address the immediate crisis and calls upon the donors to fulfill pledges made at the Cairo conference in 2014;
14. Stresses the urgent need to address the water crisis in Gaza, and urges all relevant parties to facilitate outstanding questions regarding energy supplies for desalination and water treatment in Gaza, and clarify entry procedures for materials for construction, operations and maintenance and to ensure technical upgrades needed to facilitate additional water supplies to the Strip;
15. Notes the significant achievements with regard to reconstruction of damages from the 2014 conflict, facilitated by the Gaza Reconstruction Mechanism (GRM), and calls upon the parties, donors and the international community to initiate discussions on the next steps.

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