

**Meeting of the Ad Hoc Liaison Committee (AHLC)**  
**Chair's Summary**  
**Brussels, 20 March 2018**

The members of the AHLC met today in Brussels to review the Palestinian state building process, and to discuss measures to improve and sustain the Palestinian economy. This is required to maintain the viability of the two-state solution.

The meeting was hosted by EU High Representative Ms. Federica Mogherini, and chaired by Norway's Foreign Minister Ms. Ine Eriksen Søreide.

The Chair stressed the importance of resolving the outstanding issues of the conflict, and to achieve a negotiated two-state solution. The donors continued to support the PAs effort to reinstate its governance of Gaza, in order to reunite Palestine under one authority.

Foreign aid continues to be necessary in supporting the delivery of services and functioning of the Palestinian government. The Chair urged the donors to increase their budgetary support.

Structural change in the Palestinian economy that can unleash higher growth requires private sector involvement and substantial improvements in trade. Relaxing the dual-use list for Gaza and easing the restrictions on movement and access in East Jerusalem and Area C of the West Bank, are required, as development in these areas are expected to substantially increase the Palestinian GDP.

The donors noted the need for significant changes on the ground, including steps in line with SCR 1860 to reduce and eventually lift the blockade on Gaza. Energy, water and sanitation, work, trade and job creation, income and liquidity, and humanitarian assistance, are all urgently needed.

- ✓ The meeting today concluded that participants in the AHLC will implement projects to scale up and more than double the energy available and to cover the need for water within three years. Of these, we will prioritize measures that have a fast impact.
- ✓ Preparations have started to upgrade new electrical feeder lines from Egypt and from Israel, and for the internal electricity grid. The Gaza Power Plant will be upgraded to significantly increase its production while we continue the work to get gas to Gaza. We will also prepare for significant increase of the solar panel production.
- ✓ Today is a historic day for addressing the water problems of Gaza. The international donor community is now committed to provide clean water for Gaza. The building of a North-South Water Carrier and associated infrastructure will start immediately. In the short-term, it will allow for delivery of significantly larger quantities of water to Gaza. Earlier today, an international conference organized by the EU and Palestine has succeeded in mobilizing resources to build desalination capacity to cover the long-term needs. Increased availability of energy will allow for an upgrade of the wastewater treatment plant called NGEST, which will produce water for agricultural use.

- ✓ Donors made clear that agreements on both power purchase (PPA) and Red-Dead water have to be concluded without further delay to pave the way for the infrastructure projects. Israel recommitted to assisting in getting all construction material into the building sites, and donors have pledged to continue to finance the Gaza Reconstruction Mechanism (GRM) to supervise such import. This is key to implement the work on water and energy. In this respect, participants noted the commitment by the PA and Israel to continue with the GRM as a vehicle to finalize the reconstruction of damages from 2014 and revive Gaza's economy, and to review its functionality, transparency and predictability at the earliest opportunity.
  
- ✓ An upgrade of the Rafah border with PA presence, for passage of persons and goods, is underway.