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### **ROME SEMINAR ON ASSISTANCE TO PALESTINIAN PEOPLE FOCUSES ON SUPPORT FOR ECONOMY AND STATE-BUILDING EFFORTS**

ROME, 28 February — As the United Nations Seminar on Assistance to the Palestinian People continued today, experts highlighted the complex challenges of developing a self-sustaining economy under occupation and outlined programmes aimed at rebuilding the severely eroded Palestinian agriculture sector, ensuring high governance standards and generating donor support for reconstruction of Gaza.

The Seminar devoted its penultimate plenary meeting to discussions on support for the Palestinian economy and State-building efforts, as well as the broader effort to jumpstart — and maintain momentum for — full reconstruction and rehabilitation of the Gaza Strip, which was vital for sustaining and expanding the Palestinian economy. The meeting featured a panel discussion in which experts from intergovernmental bodies and the private sector identified obstacles to fostering economic growth in the context of occupation, particularly restrictions on people and goods, and opportunities provided by the Palestinian Authority's successful institution-building programme.

The participants included Mahmoud Elkhafif, Coordinator, Assistance to the Palestinian People, Division on Globalization and Development Strategies, United Nations Conference on Trade and Development (UNCTAD); Carlos Conde, Head of the Middle East and North Africa-Organisation for Economic Cooperation and Development (OECD) Governance Programme; Reham Al Wehaidy, Chairperson, Al Athar Global Consulting, Inc.; and Maria Grazia Enardu, Researcher, History of International Relations, University of Florence.

Presenting the most recent UNCTAD report on assistance to the Palestinian people, which this year dealt with the agriculture sector, Mr. Elkhafif said that the long-term occupation had led to a serious erosion of the Palestinian productive capacity. While there had been a 10 per cent increase in gross domestic product (GDP) in Gaza in 2011, that upswing was deceptive because it had been driven by construction following Israel's devastating assault on the area. Meanwhile, he said, both Gaza and the West Bank faced high unemployment, falling productivity and shrinking wages.

More broadly, he lamented what he described as "mission impossible" for the Palestinian Finance Ministry as it struggled to launch national development and maintain economic stability in the face of, among other challenges, the economic siege on Gaza, the Palestinian Authority's fiscal hardships, declining donor support, rising poverty levels and severe restrictions imposed on the economy by the Israeli occupation. The disturbing consequence of all those difficulties was that Palestine was forced to depend on Israel, with Palestinians deprived of competitive sources of imports and markets for exports.

He went on to say that years of occupation had prevented the Palestinian agriculture sector from realizing both its employment and productive potential. The sector was basically "under siege". Moreover, only about 1 per cent of donor assistance to the Occupied Palestinian Territory was earmarked for that sector; the funds devoted to it by the Palestinian Authority were about the same. He said that the sector was also shedding jobs — nearly 110,000 last year — and it faced a "double whammy" caused by loss of land and trees and lack of irrigated water.

Providing some specific examples, he said that in 2009, some 9,000 dunums of irrigated water had been diverted to facilitate construction on the separation wall, leaving 10 per cent of the West bank trapped in the "seam zone" between the wall itself and the 1967 borders. Further, more than 2.5 million trees had been uprooted since the occupation had begun. Among the other factors that had led to the erosion of the sector had been Israel's "confiscation" of some 82 per cent of Palestinian ground water annually and its prohibition on the construction of wells to alleviate that situation. "Palestinians are left with no choice but to import 50 per cent of their water from Israel," he said.

The challenges posed by water shortages were exacerbated by the collapse of the Palestinian fishing industry and the inexorable destruction of the "symbol of Palestine" — olive trees — due to uprooting and restrictions imposed by Israel. For example, he said that import restrictions had reduced the availability and type of fertilizers needed for olive tree growth, and restrictions on movement within the territory limited farmers' access to their groves.

Against that troubling backdrop, UNCTAD was urging the international community to scale up its assistance to the Palestinian agriculture sector and to devote more attention to "linking relief to development". That would ensure that donor assistance covered, not only immediate needs, but also funded initiatives, which, for instance, created training programmes, replanted olive trees, provided credit and insurance to farmers, and helped establish agro-funding facilities. He also suggested that donors consider subsidizing certain critical areas in production, for instance, to make up for scarcity of fertilizers due to the Israeli ban. Finally, he urged all stakeholders to remember: "One olive tree lost is one livelihood lost."

Focusing on good governance as a tool for fostering economic growth, Mr. Conde said that since 2005, the OECD had been working with North African and Middle Eastern countries on improving governance in the region to build strong institutions and generate inclusive growth. The initiative was demand driven, owned by the regional countries and implemented with the assistance of OECD member countries. Within the framework of the Palestinian National Development Plan, the Palestinian Authority was aligning with some standards and good practices of the OECD, mainly in the fields of rule of law, public sector integrity and e-governance. He noted that OECD programmes were submitted to a peer review process before they were implemented or made operational.

He said that the main instruments of the approach were enhancing policy dialogue between Palestinian and OECD representatives; supporting the institution-building efforts of the Palestinian Authority; ensuring sustainability through capacity-building and knowledge transfer; and focusing on concrete impacts and assistance to implementation. He provided some details about the three-pronged programme, including the integrity initiative, which had led to the elaboration in 2012 of a Code of Conduct for public officials as a safeguard against corruption.

As for the rule of law, he said that the OECD-backed programme in that area aimed to improve the regulatory capacities of Palestinian officials, reinforce the rule of law, and enhance the legal security for businesses and citizens. While the regulatory framework in the Occupied Palestinian Territory was "quite complicated", the initiative had, among other outcomes, led to the elaboration of a guide on regulatory consultations and a manual focused on an open and participatory policymaking process. On e-governance, he said that OECD was working with Palestinian officials on the building blocks of what would one day become an online operational strategy for the Palestinian Authority.

Overall, he said that the OECD was helping the Palestinian Authority to set itself on a path to national sustainability. The OECD promoted the idea that Governments should build "strategic States" capable of correctly identifying internal and external challenges through sound, evidence-based decision-making and strategic foresight. Such a "whole of Government" approach aimed to enhance openness and transparency, promote broad stakeholder dialogue and,

specifically in the case of the Palestinian Authority, align strategic objectives with the National Development Plan 2011-2013. "While we are aware of the difficult context, we believe that investing in governance is helpful for any nation," he said, noting that some of the organization's work with the Palestinian Authority was being replicated in other places in the region, including Tunisia.

Delivering a presentation on the difficulties facing the reconstruction effort in the Gaza Strip, Ms. Al Wehaidy said that with tiny surface area and some 1.7 million inhabitants, the Strip was "one of the most densely populated places on earth". It had been subjected to many external and internal political, economic and social pressures, which had led to poor socioeconomic conditions for its population. The area had also suffered two Israeli military incursions, in 2008 and in 2012. Other challenges included the internal political divisions that had caused overlapping authority in the area, and the ongoing Israeli blockade, which had severely depressed the productive capacity of the Gazan economy, and, over the past six years, had shown virtually no signs of recovering.

Further, she said that the quality of infrastructure and vital services, including health, education, and water and sanitation, had deteriorated seriously because of the ongoing blockade and the rapid growth of the population. In the context of the Palestinian National Development Plan, the Palestinian Authority had identified the reconstruction and development of the Gaza Strip, as well as East Jerusalem, as "the greatest and most pressing challenges". The Palestinian National Early Recovery and Reconstruction Plan had requested about \$2.7 billion, of which about \$1.3 billion was for the reconstruction of the Gaza Strip.

She noted that at the 2009 Sharm el-Sheikh Conference, donors had pledged nearly \$4.7 billion in aid for both the Palestinian economy at large, and the Gaza Strip recovery and reconstruction in particular. Although some 27.6 per cent of the pledges made at Sharm el-Sheikh were dedicated to the reconstruction of the physical damage resulting from the Israeli military assault, to date, there had been no disbursement of those funds. Some attempts to address the urgent construction needs in the Gaza Strip were conducted by local and international community agencies, however, those sporadic attempts were challenged by the continued blockade, restrictions on building material and the problematic approval process applied to international organizations, adopted after June 2010.

Overall, she said that the reconstruction effort in the Gaza Strip faced four main hurdles: limited access to construction materials and related imports, which had given birth to a shadow economy of trade through tunnels to the south of Gaza; inadequate levels of financial support; a major gap in human resources, because work stoppage in the construction sector from 2007 to 2010 had forced construction workers to seek other employment; and an organization gap created by internal Palestinian divisions. Despite such challenges, she said that the recently announced Qatari Fund would bolster economic activity in Gaza, especially the construction sector. The Fund, with some \$450 million to be disbursed over the next three years for projects in development, infrastructure and education, was the biggest injection of resources into the area since 2008, she said.

In closing, she said the main cause of the socioeconomic and humanitarian plight of the Palestinian people was the Israeli occupation. Further, the challenge in the Gaza Strip today was not solely about reconstruction and development; it was also about responding to life-threatening issues in a durable manner and enabling Gazans to exercise basic human rights, of which they were currently being deprived, namely, the right to free movement and to work. Still, reconstruction and development of the Strip was critically important for the future viability of the Palestinian economy and for Gazans. "However, without a significant breakthrough on the issue of access and movement, the complete lifting of the blockade and an adequate level of financial support from the international community, the reconstruction and development of the Gaza Strip will remain challenging," she said.

Providing a brief summary of the presentations, Ms. Enardu urged the participants to closely read the paragraphs in the UNCTAD report on the destruction of olive trees, which she described as, not only a blow to the Palestinian economy, but also to Palestinian culture and identity. "This seems somehow evil to me," she said. On other issues, she urged the experts to consider trading the word "donor" for "investor", which would infer a sense of partnership rather than one of dependence. She also urged revisiting the policy frameworks of the Paris Protocol to look for ways to improve economic conditions on the ground.

She said that while she was sceptical about the peace process, stakeholders should consider the fact that young people had very different views from older persons. Indeed, while she would never say it in her classes, she believed that sometimes young people were "gloriously ignorant" about some issues, such as the Israeli-Palestinian conflict, which allowed them to look at the peace process with a fresh perspective that was not influenced by historical bias. As such, she was hopeful that the world's youth would pick up on the shifting perceptions and build momentum towards real change.

When the floor was opened for discussion, one speaker urged participants to remember that the occupation had not begun in 1967, but in 1948. He called for increased representation of Palestinian refugees in such future meetings. Indeed, their participation, and a settlement of their issue, was critical to the overall peace process, and as such, they should not be excluded from such discussions.

Another speaker referred to the membership of Israel in the OECD and wondered if any programmes were in place to ensure that OECD members themselves adhered to the rule of law so that the Palestinian Authority would be allowed to effectively implement the principle in the Occupied Palestinian Territory. Responding, Mr. Conde said that the OECD was aware of the difficulties, but its programmes were focused on long-term governance initiatives.

Another speaker said it was difficult to discuss sustainable development without talking about the occupation. She expressed her disappointment that the United Nations had entered the "power game" when it had taken on a role within the diplomatic Quartet on the Middle East peace process. Rather than serve the interest of the major Powers, the Organization must step up its efforts to uphold international law, she said.

In a brief intervention, Riyad Mansour, Permanent Observer of the State of Palestine to the United Nations, noted that the Seminar was not the only event organized by the Committee. The current gathering, focused on assistance, was one dimension of alleviating the tragedy of the Palestinian people. The Committee had been very active in promoting efforts to ensure that the Palestinian people, including refugees, attained their inalienable rights. Reiterating the Seminar's focus on assistance for all Palestinian people, he declared: "We are not leaving any of our people behind." He rejected efforts to separate Palestinian people into "tribes".

The Palestinian people had chosen their own political platform, he continued. While there was a discussion under way among Palestinians about the viability of the two-State solution, he said: "If we come to the conclusion that there is a new political platform, we are very transparent." If the prevailing decision was that the two-State solution was indeed not viable, then another path would be discussed.

Speaking before the panel began its work this morning, a representative of the International Labour Organization (ILO) said that the agency had been working in the region to promote its decent work agenda, and, in line with the Palestinian National Development Plan, it had been promoting, among others, social dialogue, entrepreneurship and skills development, women's full empowerment, and the revitalization of the Palestinian Fund for social protection.

He said that ILO activities were also aimed at enabling a sustainable economic environment for greater access to employment and facilitating the development of a social security system. Stemming from those broad parameters, specific work was under way to strengthen labour market governance through reformed labour law and enhanced social dialogue, promote gender equality and women's empowerment, and support post-war economic recovery and livelihoods in Gaza.

Also ahead of the panel discussion, the representative of Brazil said that his country had long supported the just cause of the Palestinian people. It recognized that direct talks between Israel and Palestine were essential to peace and believed that such negotiations should resume immediately. His delegation was committed to the two-State solution, and in 2010, it had officially recognized the State of Palestine.

The delegate said that Brazil was also trading with Palestine and providing development assistant in other areas, including towards reconstruction in the Occupied Palestinian Territory. His country was also in talks with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to provide 10,000 tons of rice to the area. Brazil strongly believed that trade and technical cooperation were essential to promoting peace in the region, he said. The United Nations Seminar on Assistance to the Palestinian People will reconvene at 3 p.m. for its final plenary and wrap-up session.

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