

UNITED NATIONS



NATIONS UNIES

OFFICE OF THE UNITED NATIONS SPECIAL COORDINATOR
FOR THE MIDDLE EAST PEACE PROCESS

PALESTINIAN STATE-BUILDING:
A DECISIVE PERIOD

Ad Hoc Liaison Committee Meeting
Brussels, 13 April 2011

Overview

The April 2011 Ad Hoc Liaison Committee (AHLC) meeting is the fourth since the release in August 2009 of the *Programme of the Thirteenth Government* of the Palestinian Authority (PA). The plan was welcomed by the AHLC in September 2009 as an important platform for donor coordination, with the focus on developing a sustainable economy and building robust state institutions. The Quartet has supported this plan for building the institutions of a Palestinian state in two years. The April 2011 AHLC meeting is the last expected AHLC meeting before the September 2011 target date for completion of institutional readiness for statehood set by the PA and supported by the Quartet. This is therefore a decisive period for the state-building agenda, and the April meeting is an important moment for taking stock of the economic and institutional issues before the AHLC.

The report concludes that, in the limited territory under its control and within the constraints on the ground imposed by unresolved political issues, the PA has accelerated progress in improving its governmental functions. **In six areas where the UN is most engaged, governmental functions are now sufficient for a functioning government of a state. This reaffirms the World Bank's assessment in September 2010, noted by the Quartet, that 'if the PA maintains its current performance in institution-building and delivery of public services, it is well positioned for the establishment of a state at any point in the near future'.** This is a significant achievement arising from the commitment of the PA and strong donor backing. In parallel, Israeli measures to facilitate movement and access have also supported economic activity.

When released, the *Palestinian National Plan* (PNP) 2011-2013, will lay the basis for additional improvements in PA institutions, and the UN looks forward to aligning its future programming accordingly. A donors' conference held at the appropriate time in 2011 will provide an opportunity to reinforce support for the PNP. In addition, it will also be critical to ensure that the PA's recurrent external financing needs in 2011 (estimated at just under US\$1bn) are met in a timely and predictable manner.

Despite the progress achieved, the key constraints to the existence and successful functioning of the institutions of a potential State of Palestine arise primarily from the persistence of occupation and the unresolved issues in the Israeli-Palestinian conflict. This, together with the continuing Palestinian divide, deprives the PA of the ability to extend its institutional authority to areas outside its reach, and of key attributes of statehood which enable a government to deliver to its people. Accordingly, **the institutional achievements of the Palestinian state-building agenda are approaching their limits within the political and physical space currently available, precisely at the time that it is approaching its target date for completion.**

In particular, **whilst some progress has been achieved on the ground, including through a package of Israeli measures agreed by Prime Minister (PM) Netanyahu and Quartet Representative (QR) Blair on 4 February,**² **space for real progress regarding Area C and East**

Jerusalem remains very limited due to persistent measures of occupation, the lack of sufficient meaningful Israeli enablement steps on the ground on these issues, and the lack of progress in resolving final status issues in Israeli-Palestinian political negotiations. Nor is space available in Gaza due to the Palestinian divide. These areas remain outside of the control of the PA, but essential to building a Palestinian state.

In the **West Bank**, improvement of security, coupled with improvements in access for goods and people in a number of areas, was recorded since the AHLC last met, as were some Government of Israel (GoI) efforts to facilitate access to basic services. However, in **Area C and East Jerusalem** in particular, measures of occupation continue to challenge Palestinian movement and access, hinder basic service provision to Palestinians, and undermine the development of resources. Human rights concerns persist on many fronts related to the conditions of the Palestinians under occupation, while security incidents of several kinds continue to affect both Israelis and Palestinians. The current situation continues to constrict sustainable economic growth, development, equity in service delivery, and infrastructure development – and the confidence of citizens in the ability of their government to ensure their basic rights. This report therefore concludes that, **notwithstanding GoI steps to facilitate economic growth and some development, measures of occupation which stifle Palestinian life are not being fundamentally rolled back by more far reaching Israeli actions to match the progress of the state-building programme.**

It is vitally important that the state-building and political processes be brought into alignment by September 2011. This remains the PA target date for completion of institutional readiness for statehood supported by the Quartet, complementing the target set by the parties in September 2010 for seeking a negotiated framework agreement on permanent status within one year. In this context, it is of the utmost importance that the parties overcome the current impasse and return to negotiations to seek a framework agreement on permanent status that resolves all core issues, ends the occupation that began in 1967, ends the conflict and realizes the two State solution, and the UN will continue to engage within the framework of the Quartet to further this vital objective. On the ground, to advance the agenda of the AHLC, it is essential that the PA continues to implement its agenda and that these efforts are matched by more far-reaching Israeli measures to facilitate economic and institutional progress than those taken to date. The report therefore concludes that **the primary focus as we enter the final months of the Programme of the Thirteenth Government is to address the physical and political factors that constrain this Programme from realising its full potential. An additional concern remains the lack of PA presence in Gaza, resulting in a disconnect between Gazans and many PA institutions.** Since the last AHLC, socioeconomic, human rights and security conditions remained of concern, given Israeli closure measures, misguided *de facto* governance and lack of Palestinian unity based on the Palestine Liberation Organization (PLO) commitments, Palestinian militant activity, smuggling of weapons, and Israeli military operations. On a positive note, there was continued progress in the implementation of the Israeli Security Cabinet announcement of 20 June and the announcement of 8 December 2010, both important for recovery in Gaza. There were some signals of recovery and other positive developments during the reporting period, including real GDP growth of 15 percent, increased volume of non-food imports, increased average annual sales of Gaza businesses, and further approvals of UN and other international projects. A steady flow of new approvals for UN construction/reconstruction works in Gaza and a streamlining of coordination procedures with the GoI will be key. Greater liberalisation of the import of construction materials through the legitimate crossings into Gaza (including aggregate, iron bars and cement) is increasingly important for recovery. On Gaza, the UN continues to be guided by the framework of Security Council Resolution 1860 and the fundamental goals laid out therein. The lifting of the closure remains a central objective. However, modest recovery efforts amidst a fragile and oft-breached calm, a continuing closure regime, and a persistent Palestinian divide fall short of what is required to lay the economic and institutional basis for statehood throughout the occupied Palestinian territory – in particular in Gaza. The progress that has been achieved by the PA must be more meaningfully connected to all areas of *de jure* PA responsibility and to all Palestinian citizens.

The UN has noted with much interest that President Abbas and Prime Minister Fayyad have strongly supported efforts to achieve progress towards unity. The UN will continue to look for real progress towards reunification of Gaza and the West Bank within the framework of the Palestinian Authority and the commitments of the Palestine Liberation Organization. This report's analysis and recommendations build on the UN's April and September 2010 reports to the AHLC. Whilst there has been some progress in the implementation of a number of the previous recommendations, both by the parties and AHLC members, many of the areas remain relevant to achieving further progress. (See Annex I for the recommendations from these reports).

¹The six areas are: Governance, Rule of Law and Human Rights; Livelihoods and Productive Sectors; Education and Culture; Health; Social Protection; and Infrastructure and Water.

²Package of Measures Agreed by the Government of Israel and the Quartet Representative. 4 February 2011. See: <http://www.quartetrep.org/quartet/news-entry/package-of-measures-agreed-between-the-government-of-israel-and-the-quartet/>