

**Remarks to the Meeting of the Ad Hoc Liaison Committee Meeting
United Nations, New York, 26 September 2019.**

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Foreign Minister Soreide, Under-Secretary General Di Carlo, High Representative Mogherini, Prime Minister Shtayyeh, Minister Bishara, Deputy Director General Ravia-Zadok, Ministers, Excellencies, Ladies and Gentlemen:

While our report covers the full scope of the five sectors in which the OQ is engaged, in the short time available, I want to focus on two issues: water and the PAs fiscal situation.

In the water sector, we have seen progress but much remains to be done. Since our last meeting in Brussels, there has been progress towards the establishment of the Gaza Central Desalination Plant, including on funding and in finalizing the procedures for the approval and entry of the material required. The latter has resulted from work undertaken in the Gaza Central Desalination task force, which has established more efficient arrangements for both project approval and the entry of material through the Gaza Reconstruction Mechanism. In our bilateral discussion yesterday, the Government of Israel confirmed the approval of all material required for the completion of the Associated works. This is important as the levelling works required to establish the Southern connection point – which can provide up to fifteen Million Cubic Metres of water – have begun with completion of the full works currently scheduled for the summer of 2020.

This will make a material difference to Gazans, but as importantly the precedents set through this improved process will now enable the more efficient completion of other ongoing and future water work in the Gaza strip. In this regard both parties are to be congratulated for their efforts.

The recent commissioning of the Khan Younis Waste Water Treatment facility and the forthcoming completion of other critical infrastructure make it essential that we ensure the sustainability of these facilities, including the ability to meet the operations and maintenance costs for them. In this regard, the PA's recent commitment to provide the energy required to these facilities, is very welcome. Further effort to roll out cost recovery plans are now needed – and donors are encouraged to meet the gap of \$ 15.5 m USD required in order to sustain operations in the immediate term as cost recovery from end users increases.

We must also work to increase bulk supply of energy to meet these increased demands including through the 161 kV line, maintaining progress on the Gas for Gaza project (to which many of our partners have already referred) and supplementing this with renewable energy – particularly sites which will support water infrastructure, a number of which are identified in Annex A of the OQ report.

But we must also recognize that there are significant water needs in the West Bank which must be addressed. Annex B of our report therefore identifies the critical interventions needed, current progress and any funding required.

Second, addressing the issues associated with Palestinian Clearance Revenue to which we see a threefold approach including first: increasing the transparency of the process of calculation of costs in the energy, water and health sectors. Second, that the recent arrangement for the blo or excise tax be transformed into a predictable and sustainable monthly policy. And third, that the range of other fiscal files that have been discussed at length, including the customs transfer (on which we welcome the commitment offered earlier this afternoon by the Government of Israel), the handling fee and also the e-vat system be brought to a successful conclusion by the parties. In parallel to this process, discussions on any outstanding electricity debt accrued since the signing of the 2014 electricity agreement should proceed.

Madam chair thank you and we look forward to continuing our work with the parties, Norway and the members of the AHLC to further these important objectives.