



OQ Head of Mission, Dr. John N. Clarke speech to the AHLC

23 February 2021

Foreign Minister Søreide, High Representative Borrell, Commissioner Várhelyi, Prime Minister Shtayyeh, Minister Bishara, Deputy Director General Regev, Ministers, Excellencies, Ladies and Gentlemen.

Thank you Foreign Minister Søreide to you, your colleagues and the European Union for once again hosting this meeting, which we believe comes at an opportune moment, particularly given the abysmal year that has just passed.

Over the previous reporting period, the Office of the Quartet has maintained its focus on the short, medium and long term measures which will help us reach beyond the pre-COVID-19 status quo for the structural changes needed in both the West Bank and Gaza. Our report provides full details on these areas, while the list of policy 'asks', circulated through the Chair last week, offers an update on the areas where we believe progress is possible.

There are four key recommendations which we see as essential.

The first is the need to stabilize funding for the Palestinian Authority, which is particularly important given that Prime Minister Shtayyeh's Government faces additional costs in 2021 as it implements a number of important decisions, including the recently approved changes to salary and benefits for Gaza-based PA employees and the conduct of elections.

This represents a significant challenge as the COVID-19 pandemic has both increased health and economic demands for all countries, while also shrinking economic growth and thereby overseas aid budgets.

This makes it even more important that, second, all sources of revenue are maximized, including through the resolution of many long-standing fiscal issues. More specifically, and further to our discussions with both parties, we see potential for immediate progress on the issues of correspondent banking, establishing an E-VAT system, finalising arrangements for the transfer of customs authority, and discussion on reducing the handling fee.

Third, we must continue to focus on policy and projects which not only help to address the humanitarian situation, but which carry us towards structural solutions which have the potential to offer substantial savings for the PA and Palestinians. This includes recent milestones on funding for the pipeline and on the detailed design of the Gas for Gaza project, as well as encouraging discussions on the commercial arrangements required. It also includes the completion of the first components of the associated works for the Gaza Central Desalination program, including connection points which will enable the much-needed import of 10 MCM of bulk water. Additional measures, including the allocation of spectrum for 4G and 5G deployments, the *in-principle* approval and funding for West Bank Water and Wastewater

packages from our October 2020 report, and the expansion of renewable energy can all help meet basic service requirements, realise savings and enable economic growth.

Fourth and therefore finally, we must create an enabling environment for economic growth. Continued member state engagement on these issues, including the Netherlands and the recent commitments of the UK and EU will help to address these issues in a systematic way and enable greater trade, including through Jordan to the world beyond. Ultimately, these measures will generate much needed economic growth and thereby enable the PA to rely on resources that are theirs alone.

Thank you very much.