



PRESS RELEASE

Palestinian State-building at increased risk

19th March 2012

Brussels

The Palestinian state-building achievement is at increased risk, resulting from increased financial pressure on the Palestinian Authority and the continued absence of a credible political horizon for a negotiated solution, the United Nations report to the Ad Hoc Liaison Committee (AHLC) has concluded.

The report states that in the last six months the Palestinian Authority (PA) has continued to realize progress in a range of different areas, including, for example, the capacity of the security forces in the West Bank and in the provision of basic services, and addressing the needs of the most vulnerable members of Palestinian society. This deepening of institutional progress, the report observes, represents a further step forward in strengthening the institutions of a future Palestinian state.

However, the PA continues to face an immediate challenge in meeting its funding gap required to help the PA honour its obligations and avoid accruing further arrears. "I am very worried about the dire financial situation of the Palestinian Authority as described by the IMF and the World Bank in their reports. Our immediate priority must be to ensure that the Palestinian Authority is able to address its budget shortfall and I therefore call on donors to meet their commitments and also to front-load their contributions. I urge the speedy conclusion and implementation of technical agreements that will both strengthen revenue collection and minimize revenue leakage" said Robert Serry, the UN Special Coordinator for the Middle East Peace Process.

Beyond addressing the short-term financial crisis, the report also emphasizes the need for more far-reaching political progress: "The achievements of the Palestinian Authority still represent the solid basis for a future Palestinian state and must be preserved. However, the prolonged absence of a credible political horizon as a result of the continuing failure by the parties to engage in meaningful negotiations is now beginning to undermine the viability of the Palestinian state-building effort." Similarly, the continued Palestinian divide and the unsustainable situation in Gaza, as highlighted once again in the recent upsurge of violence, represent fundamental challenges which must also be addressed. The report urges renewed momentum on the ground: "Progress that benefits Palestinians now is essential and the United Nations will continue to work with the parties and the

international community to sustain and strengthen the achievements of the Palestinian Authority" commented Robert Serry. The report identifies a number of measures that, if implemented in the immediate term, will make a tangible difference to the Palestinians living in the occupied Palestinian territory, particularly in Area C, East Jerusalem and in Gaza.

Note to Editors: The Ad Hoc Liaison Committee (AHLC) is a 15-member committee that serves as the principal policy-level coordination mechanism for development assistance to the oPt. The AHLC is chaired by Norway and cosponsored by the EU and US. In addition, the United Nations participates together with the World Bank and the International Monetary Fund (IMF). The AHLC seeks to promote dialogue between donors, the Palestinian Authority and the Government of Israel.