

# Conference in Support of the Palestinian Economy For the Reconstruction of Gaza

Statement by

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I want to thank our host, President Hosni Mubarak for organizing this Conference, President Sarkozy for co-hosting it and Ahmad Abulgaith and Jonas Store for co-chairing it. I also wish to thank UN agencies, particularly UNRWA, UNDP and UNSCO, as well as the European Commission, the World Bank and all other organizations for their work and assistance in assessing the damage and providing immediate relief to our people in Gaza.

Ladies and Gentlemen,

It has been said repeatedly from the beginning, and it is no less true today: Israel's offensive on Gaza has brought on the darkest days in Palestinian

history since the Israeli occupation of Gaza and the West Bank in 1967. The tally of the damage and destruction caused by Israel's offensive on our people is in, and it is *deeply* disturbing:

- 1,440 dead, 431 of them children;
- 5,380 injured, including 1,872 children;
- 15,000 homes destroyed or damaged, rendering 50,000 Palestinians homeless and displacing another 100,000;
- leveling of businesses, factories and farmland;
- severe damage to public infrastructure and utilities, including water, sanitation, electricity and transportation networks; and
- scores of public facilities, such as schools, hospitals, mosques and even buildings belonging to the UN, also extensively damaged.

As disturbing as these facts and figures are, most disquieting of all are the stories of fear and devastation of individuals, families and entire neighborhoods who were terrorized. I spoke to many of them during the Israeli offensive and heard their stories first-hand. As I listened to those personal accounts, I became ever more fearful, and it has become increasingly clear, that the assault on Gaza has inflicted wounds on lives and souls so deep that no amount of material assistance can truly heal them. I

fear that the negative effects of Israel's aggression are going to stay with us for generations. Therefore, we should have no illusions that this Conference or any pledges arising hereafter can ever erase the damage that Israel's offensive has caused to the psyche of our people.

Still, while we hold Israel responsible for the consequences of its illegal actions, we feel compelled, especially in light of the urgency of the situation, to try to provide *every* assistance that we can to meet at least the material needs of our people so that they can begin putting their lives back together. This means not only alleviating the immediate suffering and repairing the physical damage, but also dealing with the chronic challenges of poverty, unemployment and stagnation, and bringing about lasting improvements to the socio-economic situation. A mere reversion to the *status quo ante* will not suffice; we must set Gaza on an upward trajectory towards lasting prosperity and well-being, creating an enabling environment for enterprise and industry to flourish, and for people to live in dignity.

It is with these goals in mind that we are pleased to present the *Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009 – 2010*. Prepared by the Palestinian National Authority's Ministry of Planning with

support from line ministries, UN agencies, the EC, the World Bank, the private sector and civil society, the Plan will serve as the blueprint for all early recovery and reconstruction interventions, and it will be used to coordinate responses and resources to help our people in Gaza rebuild their lives and livelihoods.

The Plan therefore examines how all aspects of life in Gaza can be improved. Immediate priorities, of course, include repairing the water and electricity networks, providing shelter to the dispossessed, rehabilitating education and health services, and providing the appropriate conditions to return to some sort of normal existence. Likewise, we must ensure that public sector workers continue to be paid, that social hardship cases continue to receive assistance, and that energy and essential commodities are supplied. However, we also look beyond the short-term needs for basic services and infrastructure, and set out interventions which will lead to lasting prosperity and development. Gaza's economy has been hollowed out by years of siege, and we must establish conditions in which the private sector can once again resume its role as the engine for employment, growth and social wellbeing.

This involves compensation for damages, as well as building the capacity of the manufacturing, agriculture, construction and service sectors, and assisting their reintegration with regional and global markets. Human capital must be supported through education and training, and access to finance improved through further development of the banking system. A key tenet of this plan is not just to build back, but to build back better. We have therefore explicitly linked it to the medium-term development programs presented in the Palestinian Reform and Development Plan, and by 2010 intend it to be fully integrated with the National Policy Agenda set out in that document, and the improved planning and budgeting processes which underpin it.

In order to facilitate this, as with the PRDP itself, we are asking donors to support our national efforts primarily by providing direct, un-earmarked budget support. The shortfall in financing for our recurrent expenditure for 2009 is projected to be \$1.15 billion – which, I am proud to say, is 35 percent less than what donors provided us last year – and an additional \$300 million will be required for Gaza to deal with the additional needs caused by the Israeli offensive in terms of emergency shelter, medical referrals, social payments and unpaid utility bills.

Secondly, we ask that the \$1.33 billion worth of projects identified in the Plan be supported by donors and implemented in coordination with the PNA. Funding can be provided through the PNA's Single Treasury Account, one of the other established mechanisms (like PEGASE or the World Bank Trust Fund), or directly to our development partners such as UN agencies, whom we encourage to cooperate with Arab League and regional development institutions. In order to ensure that all needs are met and duplication avoided, it will be essential that the Plan be used to guide all interventions, and the highest possible standards of communication and coordination be maintained through the aid coordination architecture.

Thirdly, we have already put in place implementation mechanisms for the housing, agriculture, and manufacturing sectors that have the potential of being highly effective. Pivoted on the notion of delivering assistance directly to individual beneficiaries through the banking system, thereby giving them the opportunity to rebuild their own homes and businesses, these mechanisms are also highly transparent and readily monitorable. Indeed, if, shortly after this conference, you deliver your assistance to our Single Treasury Account, either directly or through already established mechanisms, and provided that the siege on Gaza is lifted, I am confident

that the rebuilding of Gaza can begin within the next six weeks. I am equally confident that, if so delivered, your assistance can and will be accounted for to the last dollar spent.

As to our current liquidity problems, it should be said that disbursements during the past four months have fallen far short of what we need to continue to cover recurrent expenditures, and we have had to exhaust our credit facilities with the banking system. It should come as no surprise then that, with the additional costs associated with Gaza, I was compelled, for the first time since June 2007, to delay salary payments for about two weeks. Needless to say, uncertainty with regards to the payment of salaries and other recurrent financial obligations, half of which are destined for Gaza, is very destabilizing for the PNA. I therefore appeal to donor countries to accelerate their funding of the 2009 budget, and support us in maintaining our reform program and reducing our dependence on external financing needed to cover our recurrent expenditures.

To be sure, implementation of the Plan would be greatly facilitated by Palestinian reconciliation. We understand that there will be little incentive for donors or private firms to commit resources to longer-term projects if a

situation of chronic instability looks likely to persist. This is why current efforts to achieve reconciliation and national unity are so very important and should be supported by all parties. Here, I would like to thank President Mubarak for all his efforts to bring Palestinian factions together and unify Palestinian ranks.

Overall, however, the essential condition for success is the lifting of the Israeli siege on Gaza and the permanent opening of all border crossings with Egypt and Israel for the normal movement of all people and goods (both imports and exports), with the 2005 *Agreement on Movement and Access* serving as the framework. It is not enough for Israel to permit the entry of humanitarian goods – not that it is doing even that – nor for *it* to choose what kinds or volumes of goods may enter Gaza. The flow of people and goods should be driven by demand and regulated by international laws and accepted commercial practices. These are based on the principle that everything is allowed, short of what is expressly and exceptionally disallowed – not that nothing is allowed except what is expressly allowed. Anything less than this amounts to collective punishment and a violation of Israel's obligation as an occupying power to protect the welfare of the Palestinian civilian population.

As we proceed today, we mustn't forget to consider Gaza in the broader geographical and thematic contexts. Gaza is a microcosm of what has been happening in the rest of the Occupied Palestinian Territory. Within the West Bank, Palestinian population centers have been reduced to an archipelago of islands in a stormy sea of Israeli settlements, military zones, bypass roads and settler violence. Since Annapolis, the waters have only risen. People and goods hardly make it on or off the islands due to Israeli checkpoints, roadblocks and the Wall. Similarly, movement between Gaza and the other islands has been rendered virtually impossible. And movement to and from the archipelago to the outside world remains controlled by Israel.

Ultimately, the context in which our people in Gaza and the West Bank live is the same: It is the context of occupation. Notwithstanding its 2005 "disengagement", Israel has continued to subject Palestinians living in Gaza, like those in the West Bank, to its control. Palestinians living in Gaza require Israel's consent to travel to and from Gaza, to take their goods to Palestinian and foreign markets, to acquire food and medicine, and to access water and electricity. With Israeli restrictions on the movement of people and goods being what they were even before Hamas' forcible take-over of Gaza, the

PNA, without Israel's permission, could not perform the basic functions of government, such as providing social and health services, and security, setting immigration policy, developing the Palestinian economy, and allocating resources.

If there is to be any two-state solution to speak of – other than in historical terms – the new Israeli government must take immediate, bold and drastic steps towards ending its colonization and occupation of Palestinian territory. And if the PNA is to remain politically viable, it must be *seen* to be working towards ending the occupation, not subcontracting it. After the experience of this past year – during which Israel engaged in peace negotiations, while simultaneously intensifying settlement activity in the West Bank and the siege on Gaza – nothing less will do.

This means, first and foremost, freezing settlement activity. If the sea's tide is not to rise and submerge the Palestinian archipelago forever, settlement activity in all its forms, including Wall construction, must cease immediately and steps must be taken to really begin to end the occupation.

It also requires a paradigm shift in Israel's security doctrine. When we embarked on this tumultuous journey 20 months ago, we set out to put our house in order and to provide our people with the security that they want and deserve. Despite widespread skepticism, we have succeeded. Still, we have yet to see a corresponding shift in Israeli security doctrine. If anything, we have achieved our successes in spite of recurrent Israeli incursions and limitations imposed upon our own forces' movement. If the gains we have made are not to be lost, Israel must radically change its security behavior, starting with ending all incursions and military activities in areas under PNA security control.

It must furthermore immediately begin to restore normal movement and access for Palestinian people and goods through implementation of the *Agreement on Movement and Access*. The AMA, it should be recalled, addresses movement within the Occupied Palestinian Territory, through abolishing the West Bank closure regime and instating the safe passage; movement between the OPT and Israel through the Gaza crossings; and movement between the OPT and the outside world, through Rafah, the sea port and the airport. Implementation of the AMA must resume in good faith if the modest economic gains the PNA has made with international support

are to translate into lasting improvements to the Palestinian economy. After all, *all* Palestinians are entitled to more than just survival – we are entitled to a normal life and to, dare I say, thrive and prosper.

Preceding all of this, however, the new Israeli government must make an unequivocal statement affirming its commitment to the two-state vision of an independent, viable, sovereign Palestinian state living in peace and security alongside Israel. Based on the official platform of the party that will lead the coalition, I have serious doubts as to whether the new Israeli government will meet this basic Road Map obligation. The world demands that Palestinians recognize the state of Israel, and we have unequivocally accepted that. Will the world demand the same of the new Israeli government vis-à-vis the Palestinians?

Ladies and gentlemen,

Out of this man-made tragedy that has taken place in Gaza, we now have the opportunity to repair the divisions of the past and work together, not only to rebuild a better Gaza, but also to rebuild the entire Palestinian fabric. Ultimately, this requires not only the lifting of the siege on Gaza, but ending

the entire Israeli occupation and the establishment of a sovereign and viable Palestinian state, with East Jerusalem as its capital. We must not let what happened in Gaza distract us from this key objective. World leaders should not be engaging in endless discussions with Israel about getting banknotes into Gaza, or macaroni to feed its people, or paper to educate its students. These elementary needs are essential, but should not be the center of focus of world leaders. On the contrary, what happened in Gaza since Israel unilaterally “disengaged” in 2005 should remind us all the more that true peace and prosperity can only come with a genuine relinquishment of Israeli control over the Palestinian people and territory, giving true freedom to both.

Thank you very much.