

**Israel's Address at the AHLC senior official meeting,
by
Hon. Tzachi Hanegbi,
Minister in the Prime Minister's Office**

19 September, 2016, UN, New York

United Nation's Under Secretary General
for Political Affairs, His Excellency,
Jeffery Feltman;

Secretary of State of the United States of
America, His Excellency, John Kerry;

Chairman of the AHLC, Foreign Minister
of Norway, His Excellency, Borge Brende;

Palestinian Prime Minister, His Excellency,
Rami Hamadalla

Honorable Ministers;

Representatives of the World Bank, the
IMF, UNSCO and the Office of the
Quartet;

Heads of delegations

Ladies and Gentlemen, distinguished guests
- Good afternoon,

I am honored to stand here today before
this important forum.

I would like to take this opportunity to
thank the Norwegian Government for their
leadership and ongoing efforts to convene
the AHLC meetings.

I wish to thank the donor countries as well, for their support of the development of the Palestinian economy, especially these days, when the ever shifting sands of the Middle East are reaching the doorstep of Europe and beyond, posing new financial and political challenges.

Israel believes that this joint international effort for creating economic growth and effective governance practices, carries the promise of a better and a more prosperous future for Israelis and Palestinians, for neighboring countries and for the international community.

As we have seen, time and again, economic prosperity leads to stability, and stability leads to security. These are the building blocks for a future partnership.

Hence, the economic growth and development of the Palestinian population is first and foremost an Israeli interest, and Israel is a committed partner on this path.

For Israel, steps to improve the Palestinian economic situation and the standard of living of the Palestinian population, is not a matter of the bi-annual AHLC meetings- it is an ongoing, continuous, daily commitment.

In our view, this donor's conference presents an important opportunity for all parties to take stock of the efforts they have undertaken, and to remind each of us of our respective commitments, and the status of their fulfillment.

Israel believes these meetings are more relevant than ever. They remain an effective platform for bringing the two parties together, as they have for over twenty years.

Ladies and Gentlemen, there is no need to re-invent the wheel. Recent attempts to create alternative or competing frameworks to the AHLC, should be abandoned.

Mr. Chairman, Ladies and Gentlemen,
I am pleased to report that Israel and the Palestinians have come to this donor's conference on the heels of a tremendous achievement, one which will have far reaching implications for Palestinian economic development.

Less than a week ago, Israeli and Palestinian representatives signed an agreement resolving a decade long dispute with respect to the debt of the Palestinian Authority to Israel Electric Corporation.

This agreement represents a breakthrough that will establish stable and fair commercial relations between the Israeli Electric Corporation and the Palestinian Authority.

This will ensure a continuous and consistent supply of electricity for the Palestinian population, and full payment for any such future consumption, but most significantly, following the implementation of the agreement, the operational and commercial management of the Palestinian energy market will be the responsibility of the Palestinian Authority.

Israel calls on the AHLC forum to endorse this agreement, to encourage and to support both sides, through the complex implementation phase which should be completed in the agreed timeframe.

Along with this agreement, two additional agreements were recently signed, following a series of bilateral meetings between the parties - one dealing with assignment of third generation and second generation frequencies to the West Bank and Gaza, respectively, and the other addressing Direct Postal Exchange and Terminal Dues.

These three principal agreements, alongside the ongoing productive meetings between the Palestinian and Israeli Ministers of Finance –demonstrate the fruitful potential of direct bilateral dialogue between Israel and the Palestinian Authority, without any preconditions.

Another avenue of productive cooperation, leading to important progress since the last donor's conference in Brussels, concerns the correspondent banks.

Facing the challenges of growing global de-risking policy and anti-money laundering and anti-terror financing regimes, we are working towards a solution that will enable Israeli banks to continue to transact with banks in the PA.

We would like to thank the US Government and the EU for their letters of support.

Mr. Chairman,

Despite facing nearly a year of non-stop daily terror attacks, including just yesterday, including today, Israel has been continuing its policy of pursuing cooperation with the Palestinians to the fullest extent possible, consistent with security needs, across a range of economic spheres.

Tax revenues in the amount of approximately 550 million shekels are being transferred to the Palestinian treasury, on a monthly basis. These are fixed, regular, and predictable deposits allowing for long term financial planning.

The 41% increase in clearance revenues transfers over the last three years is a reflection of the ongoing fiscal cooperation and technical assistance between Israel and the PA.

The numbers of Palestinian workers working in Israel has increased, benefiting one hundred thousand households, and stimulating an additional five billion shekel worth of economic activity in the PA.

Movement of Palestinian population and goods through the King Hussein crossing into Jordan are constantly growing, as Israel is investing tens of millions of shekels in the expansion of the crossing;

A program for upgrading crossings between the PA and Israel is underway, with investment of hundreds of millions of shekels;

Israel also recognizes that water and energy are two important pillars for any economy. Thus Israel has approved the immediate addition of 6 million cubic meters of water into the existing PA water system;

The Jenin power plant which the Palestinian private sector is planning to build will be connected to Israeli gas;

An additional eleven projects and master plans in area C are being advanced, among them the establishment of a hospital in Bet-Sahour and the expansion of the Qualquilya municipal master plan;

In this context I would like to repeat our plea to the relevant stakeholders, and emphasize the importance of following the lawful administrative planning and zoning procedures in Area C.

Israel continues to promote new income generating projects and welcomes international participation in the development of industrial zones such as those in Hebron, Jericho and Jenin.

Less than two weeks ago I personally visited Jericho, together with the Palestinian Minister of Civil Affairs, under the hospitality of the Japanese Government.

We have had a fruitful exchange on the prospects of the "Corridor of Peace and Prosperity" project, which will create thousands of new jobs and introduce Palestinian products to the Arab and international markets.

In Gaza, Israel has demonstrated this same commitment to economic expansion policies, doing its utmost to improve the humanitarian conditions and standard of living of the civilian population, while safeguarding the basic security needs of the Israeli citizens.

Israel has been facilitating the reconstruction of Gaza through the Gaza Reconstruction Mechanism, enabling the entrance of over 6 million tons of construction materials since October 2014.

Over one hundred thousand residential units have been refurbished, and hundreds of public projects including schools, clinics, mosques and parks are near completion.

The Government of Israel has approved the construction of a high voltage electric line that, once operational, will supply an additional one hundred Mega-Watts of electricity to Gaza. This connection to a reliable source of electricity will provide a critical spark for the economy and industry of Gaza, and the livelihood of its people.

Israel has also positively responded to the request to connect the "North Gaza Emergency Sewage Treatment Plant" to a power supply.

As we are now gathering the means to make this connection, I will take the liberty to use this platform to encourage you, the donor countries, to financially support this cause.

More in the energy realm. We recently approved the route for the gas pipeline to carry gas to Gaza, and would like to express our appreciation to the Dutch Government and the Office of the Quartet for their leadership on this strategic project.

Israel is also addressing critical water needs in Gaza, and in the near term will add ten million cubic meters of water to the system, effectively doubling the quantity of potable water currently supplied to the Gaza strip.

For the longer term, Israel has expressed its support for the construction of a desalination plant in Gaza, hoping that the necessary funds for its establishment can be collected.

In addition, taking a perspective on Gaza's future growth, and with an eye to increase efficiency and reduce costs, the Government of Israel has approved the development of a second commercial crossing, adjacent to the current Erez pedestrian crossing, in the northern part of Gaza.

We look forward to the financial assistance of the donor countries in order to implement these projects.

Mr. Chairman,

Unfortunately, before I conclude, I must stress the destructive role Hamas plays in Gaza.

Hamas is cynically abusing every humanitarian step and measure introduced by Israel; our good will and enabling policy, our vigorous reconstruction efforts, our efforts to boost the energy infrastructure and facilitate movement .

They are truly living up to the standards of an internationally designated terror organization.

Hamas regularly confiscates, diverts, and smuggles resources dedicated to the humanitarian development needs of Gaza residents, and rededicates them to their priorities - rearmament and renewed terror buildup - digging terror tunnels, constructing training camps, and manufacturing rockets.

This effort by Hamas constitutes an alarming indication that the organization is actively planning for another future conflict.

Just recently, by coincidence, it has been exposed that Hamas systematically abuses the international community's financial support for humanitarian aid to Gaza. The main suspect is to be brought to trial in an Israeli court.

Israel views the exploitation of a good-willing NGO, and of international funds, as a "funnel for terror tunnels" – **with the utmost severity.**

Yet, we would not like to see the deplorable actions of Hamas leading to a withdrawal of support from the people of Gaza.

Please don't.

Your financial support to Gaza is simply too important. Instead, we encourage you to do your utmost to perform your due diligence, monitor, audit and supervise, adopt a "hands on" approach and make it a habit to consult with relevant professional authorities, in any case of doubt.

It should be clear that on the road to recovery of Gaza, there must be zero tolerance for any type of abuse, zero tolerance for terrorism, zero tolerance for terror financing and zero tolerance for violence.

Mr. Chairman,

Israel aspires for peace.

The Government of Israel is working with all those in the region, and beyond who are committed to enhancing the security, co-existence and welfare of the peoples in the region, even in a changing and profoundly volatile Middle East.

It is our sincere hope that creating a conducive environment for enhanced economic activity will encourage the resumption of direct negotiations, leading to the realization of the vision of two states living side by side, in security and in peace

- As expressed by Prime Minister Netanyahu, alongside his willingness to meet with President Abbas for these direct, unconditional talks, anywhere in the world.

To conclude, Mr. Chairman,
I believe that the importance and relevance of the AHLIC forum was underscored today, and that the great achievements that were brought to the table, constitute the half full part of our Israeli-Palestinian glass.

Moreover, I trust that these achievements will reinvigorate the donor countries' motivation to continue supporting Palestinian economic development, as an important step on the path to an historic reconciliation between our two peoples.

Thank you!