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Press Statement

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**World Bank/United Nations Joint Press Conference
To Present Findings of Major New Economic Reports
5th March 2002**

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Ladies and Gentlemen, members of the press. The picture emerging from the World Bank and UN studies, is clear. The Palestinian economy is devastated. The public sector -- on life support. The private sector -- rapidly deteriorating. The population's sources of livelihood -- disappearing.

What is also clear is that billions in aid is not the answer. The best way to address the humanitarian crisis is to give Palestinians the means and opportunity to earn enough to manage their own lives. As our reports again show, they cannot do this without access -- to markets, to services, to workplaces, to one another. That is, only once Israel lifts its restrictions on the movement of goods and people.

Israel says it will not do this -- and will not stop incursions and other military operations in the West Bank and Gaza -- until attacks on its people end. Israel has suffered immensely from terror attacks. No population should suffer such murderous attacks, or even the fear of such attacks. Ever.

There must be an alternative, and there is. We all know a political solution is the only way out, one that can cut through this vicious cycle, and restore hope to both sides. And there is an instrument that can do this -- the Road Map. I know many people question whether the Road Map can ever be implemented, let alone be effective. To be sure, the Road Map is a compromise -- it reminds me a bit of Churchill's famous comment about democracy. But at least it puts all the issues on the table and points us in the right direction -- toward a two-state solution.

On the Palestinian side, the restoration of credibility and legitimacy through the completion -- in full -- of its reform programme is essential. In this context, the PLC's approval of a credible and empowered Prime Minister is a necessary step for the PA again to become a full partner at the negotiations table. Without a credible partner, there

will be no peace process. And without a peace process, I fear the humanitarian situation and living conditions will continue to deteriorate.

And we need to start implementing the Road Map immediately – for this economic and humanitarian crisis can't go on. Our economic report shows that to cope, Palestinians appear to be reverting to petty activities, such as minor services and trade and subsistence agriculture. But the access and closure regime risks creating whole communities completely dependent on aid.

And international aid is not the answer to this crisis. But it remains critical, with poverty levels about 60 per cent overall and 75 per cent in Gaza. Donor generosity is ensuring that 120,000 civil servants are being paid. Each is supporting an extended family. Aid is also supporting the delivery of basic and emergency health services, emergency support for education, nutrition and so on. Without it, there probably would be total economic collapse in the West Bank and Gaza.

We must also remember that this humanitarian crisis is not just one of need. It is also one of protection. The Government of Israel is responsible under international law for the safety and well being of the civil population under occupation. I reiterate once again that the IDF must take every step possible to avoid civilian deaths.

Ladies and Gentlemen, let me conclude with four key points:

- International aid is not the answer to the growing humanitarian needs in Palestinian areas -- even if we double the current more than \$ 1 billion in international aid to the West Bank and Gaza.
- Yet aid is a critical stop-gap measure to preventing a complete economic collapse and humanitarian disaster
- Palestinian economic life must be allowed to resume. We risk the creation of long-term dependent communities – which is not good for anyone's security.

There is a political instrument that addresses all the key issues – it is called the Road Map. We must implement it immediately.

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