



Press Release

UN report calls for coordinated response to address rapid deterioration in Palestinian economic and fiscal situation

Thursday, 11 November 2021, Jerusalem – A newly published United Nations report highlights the urgency to address the continuing economic and fiscal crisis faced by the Palestinian Authority and Palestinian people. It urges a coordinated and integrated response to resolve this increasingly precarious situation.

The report, issued by the office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) for the upcoming meeting of the Ad Hoc Liaison Committee (AHLC) in Oslo on 17 November 2021, warned of a piecemeal approach to address the current political, economic and security challenges in the Occupied Palestinian Territory (OPT) which only risks perpetuating a continuous cycle of crisis management.

The report describes the economic and fiscal situation in the OPT as dire. It notes a sharp decline in GDP per capita in 2020 that followed years of economic stagnation in the West Bank. In the Gaza Strip, the economy continues its multi-decade decline and there is persistently high unemployment, particularly among women.

Along with other longstanding fiscal leakages that are contributing to the crisis, Israel continues to deduct and hold a portion of the clearance revenues that Israel states is equivalent to the amount paid by the Palestinians to Palestinian prisoners, their families, or the families of those killed or injured in the context of attacks.

United Nations Special Coordinator for the Middle East Peace Process, Tor Wennesland, stated that “It is increasingly difficult for the PA to cover its minimum expenditures, let alone make critical investments in the economy and the Palestinian people.”

Given the severity of the crises endured so far in 2021, the report calls on the Government of Israel, the Palestinian Authority, and the international community to work in concert on an integrated response in the coming months.

First, address the immediate economic and fiscal situation facing the PA and strengthen the institutions of the PA, with a near-term focus on delivering public services.

Second, solidify the cessation of hostilities that began on 21 May 2021 between Israel and militant groups in Gaza and support economic development in the Strip.

Third, to promote a sustainable and inclusive economic recovery that improves livelihoods of all Palestinians, including women, the poor, young people, refugees, and other vulnerable groups.

The report warns that the situation across the OPT, remains extraordinarily fragile. Further steps should be taken to de-escalate tensions in East Jerusalem and maintain the cessation of hostilities in Gaza, settlement activity and settler-related violence, demolitions

and evictions, and Israeli security operations in Area A that continue to undermine the PA and Palestinian institutions and prospects for a two-State solution.

Special Coordinator Wennesland stressed that “short-term fixes, focused on stabilizing and managing recent crises are necessary, but not sufficient”. He added that in order to move forward on key political questions and for progress on each of these tracks to be sustainable, policy changes from the parties are needed and governance and socioeconomic reforms should be undertaken. He noted that “action can help unlock international donor support and new sources of public and private finance”. Yet, he warned of unilateral moves that exacerbate flashpoints or drive the conflict which would risk jeopardizing any progress toward improving the situation in the OPT and further deterring stepped-up donor support.

Note to Editors: *The Ad Hoc Liaison Committee (AHLC) serves as the principal policy-level coordination mechanism for development assistance to the OPT. The AHLC is chaired by Norway and co-sponsored by the EU and the 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.*