

## **Statement from the AHLC Chair**

This week, the Ad Hoc Liaison Committee (AHLC) was due to meet in Brussels, hosted by the EU, to assess the fiscal situation and outlook for the Palestinian Authority. The coronavirus pandemic prevented the meeting from being held. The spread of the coronavirus has triggered a global crisis that challenges almost all countries' public health services and with deep impact on every society. It is a major challenge also for the Palestinians and the Israelis.

The Chair of the AHLC has consulted the Palestinian Authority (PA), Israel, the United Nations, the World Bank, the EU and the international donor community on how to best coordinate the efforts to counter the spread of the coronavirus in Palestine and to mitigate the impact of the pandemic on the already fragile Palestinian economy. Both the PA and Israel responded fast to the emerging crisis by imposing measures at an early stage to combat the spread of the coronavirus. We commend the cooperation established between the Palestinian and Israeli authorities to fight against the outbreak of COVID-19, and urge the parties to continue to enhance this cooperation. We also welcome the ongoing improved cooperation between the two parties and the UN, the World Bank, the EU and other key partners, including regarding the Gaza Strip, which given its particular vulnerability is facing a dire humanitarian situation.

The COVID-19 crisis has financial, economic and humanitarian ramifications for the PA. The PA faces a fiscal challenge with a significant drop in revenues as the steps to stem the transmission of the coronavirus lead to a slowdown in activity, and increased demand for epidemic related expenditures. The fiscal gap after projected international donor support could exceed 1 billion USD and will jeopardize both the PA's ability to offer essential public

services and to fight against the coronavirus. The crisis threatens the living conditions of the Palestinian population, may paralyze Palestinian institutions and undermine the goal of achieving a negotiated two-state solution.

The Palestinian health system, in the West Bank and particularly in Gaza, will be put under severe stress to handle the pandemic outbreak. We commend the PA for their early efforts to prevent the spread of the coronavirus. The PA issued on 26 March a Strategic Response Plan of immediate humanitarian measures during a three months period, with a particular focus on interventions in the health sector, with a financing need estimated now at USD 137 million.

International funding in response to the crisis should be swift and substantial and aim at strengthening the PA's capacity to mitigate the effects of the COVID-19 crisis on the Palestinian economy and health situation, including additional needs of Palestinian workers who return from Israel. In addition to the ongoing efforts by the PA and the supportive efforts by Israel, the UN plays a key role in responding to the COVID-19 situation in Palestine, especially in Gaza. In line with the PA's Strategic Response Plan, the UN Humanitarian Country Team launched on 27 March its response plan for Palestine with immediate needs of USD 34 million. The World Bank has at the disposal of all donors a multi-donor trust fund channeling budget support to the PA. The EU has offered to put at disposal of all donors a sound and secure mechanism for direct financial support to the budget of the Palestinian Authority (PEGASE). UNRWA has the outreach capacity to reach Palestine refugees that is crucial not least during the COVID-19 pandemic. UNRWA's financial situation is critical.

International support for measures to mitigate effects of the COVID-19 crisis and protect the health of the population, should be guided by Palestinian priorities and implemented in

coordination with the PA. The UN, with its presence and capacity on the ground in Gaza, is particularly well placed to play a key role in supporting the PA implementing measures there.

All actors should ensure maximum cooperation and coordination where required with regard to COVID-19 response. We call upon the international donor community and the parties to take the following actions and measures:

Donors:

1. Increase and frontload their budget support to the PA, directly or through the World Bank trust fund or the EU's PEGASE mechanism.
2. Consider more flexibility to ensure that already committed funding is able to be channeled to meet the new and emerging priorities, including considering reallocating development funds to budget support or to directly cover budget line item expenditures.
3. Increase without delay local funding for immediate response (humanitarian and medical support). Donors are encouraged to provide support to the West Bank and Gaza, including to the East Jerusalem hospitals, through financing the PA response plan and the Inter-Agency response plan led by the UN Resident and Humanitarian Coordinator. They are further encouraged to prioritize implementation in Gaza either through the PA or through organizations like the UN who already have presence and capacity there.
4. Disburse their announced contributions to UNRWA without delay, and consider contributing further support to the programme budget and emergency appeals.
5. Step up their support for the private sector and business as well as measures to alleviate social tensions.

PA:

1. As the main responsible for all efforts to combat the spread of the coronavirus as well as implementing the necessary steps to handle the economic implications of the current situation, PA should continue to coordinate with the international community and Israel all efforts to counter the spread of the COVID-19 in the West Bank, including East Jerusalem, and in Gaza.
2. Take emergency measures to reduce monthly spending while reorienting its expenditures around emergency health services and direct support to affected households, workers, and private sector firms.
3. Continue to the extent possible to deliver basic services to the Palestinian population and salaries to employees in the public sector. Prioritize funds to the health sector, including medical supplies, both in the West Bank and Gaza.
4. Renew efforts to achieve agreements with Israel on the unresolved fiscal files that have the potential to impact positively on recovery of the Palestinian economy from the crisis.

Israel:

1. Continue to facilitate access and movement, including supply lines of medical goods, relevant equipment, materials, humanitarian workers etc. especially to Gaza.
2. Mitigate the shortfall of PA revenues by pre-paying a mutually agreed fixed and predictable level of monthly clearance revenues, and releasing any other additional or outstanding amount available. Allow the maximum number possible of workers to continue to work in Israel and find compensation for absent days, while finding ways

with the PA to reduce to a minimum the risk of contamination between the societies, including the provision of safe housing for those staying in Israel.

3. Renew efforts to achieve agreements with the PA on the unresolved fiscal files that have the potential to impact positively on recovery of the Palestinian economy from the crisis.

Achieving the highest possible degree of economic stability for the PA, as well as combating the further spread of the coronavirus, is a key interests for the PA and for Israel alike. Overcoming this extraordinary and global crisis together could also facilitate the broader efforts by the parties and the international community to achieve a negotiated two-state solution.

Norway, as Chair of the AHLC, in coordination with the EU is still planning to convene a meeting of the donor group towards the summer. The further fight against the coronavirus and restrictions on travelling and social distancing will define whether this will be possible and in which format. Our planned AHLC Ministerial Meeting in New York in September remains on the calendar.

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