Donors welcome strengthened economic cooperation between Israeli and Palestinian authorities

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'Despite the financial hardship facing the Palestinian government, I welcome all constructive steps that will contribute to strengthening the Palestinian economy. Both parties have proven that through leadership and compromise, progress is achievable,' said Norway's Foreign Minister, Børge Brende in the meeting of the Ad Hoc Liaison Committee (AHLC).

The AHLC-meeting, which was held in New York on 19 September 2016 and took stock of the Palestinian state-building process, was held against the backdrop of a precarious financial situation for the Palestinian government.

'The Palestinian government was highly commended for its serious effort to reduce the fiscal deficit under very difficult circumstances, and as a consequence of a significant drop in donor aid to the Palestinian Authority (PA). I stressed the urgency of increased budget support to the PA in the short term, to mitigate serious fiscal risks', said Foreign Minister Brende.

In the meeting, the donors commended the parties in particular for reaching an agreement on electricity debts under which the authority to manage energy infrastructure is transferred to the Palestinian government. In addition, there had also been progress on other outstanding items since the last AHLC meeting in Brussels in April, such as for the postal service and with regard to water and energy supply to the West Bank and Gaza.

Israeli and Palestinian authorities were encouraged by the donors to build on the positive momentum created by the electricity agreement, to resolve other outstanding fiscal issues, and to agree on priority measures that could sustain the viability of the Palestinian economy, such as major infrastructure projects. The parties are destined to live together, and they have to engage actively, and work together to strengthening the Palestinian economy. The donors should also provide necessary support in this regard.

‘It is crucial that we are making further progress on these core priorities – in our joint endeavour to strengthen the Palestinian economy – before we meet in Brussels next spring. I call on the parties and the donors to continue contributing actively, said Minister Brende.

The AHLC members emphasised that economic development cannot be a substitute for political resolution of the conflict, while stressing that a strengthened Palestinian economy was crucial to underpin the efforts to realise the two-state solution.

‘The AHLC has proven to be an institution that delivers. At this critical time, it assists the parties in safeguarding the vision of the two-state solution. Now, the parties must start implementing what they have agreed on and decided, and to do so, they must be supported by the donors. This shared responsibility is the essence of the AHLC, concluded the Foreign Minister.