

Congress of the United States

Washington, DC 20515

June 27, 2024

Ajay Banga
President, World Bank Group
1818 H ST NW
Washington, DC, 20433

Dear President Banga:

We are writing to express our deep concern about the severe economic situation in the West Bank. The unemployment rate among Palestinians has sharply risen since the beginning of the war, and the Israeli leadership's actions to limit access to funds and threats to limit access to essential banking services for the Palestinian Authority (PA) have exacerbated the crisis. We implore you to utilize all available resources to help stabilize the economy of the West Bank.

Since the beginning of the war, caused by the October 7th terrorist attacks by Hamas, Palestinians living in the West Bank with jobs in Israel have been denied work permits. This has led to almost 130,000 Palestinians being unemployed virtually overnight.¹ This has been the largest contributor to the surge in West Bank unemployment, which is now nearly 33%.² As you are well aware, unemployment at this level is a significant source of civil and political instability.

The Israeli leadership, led by Finance Minister Bezalel Smotrich, has made critical decisions that have put the West Bank on the brink of economic collapse.

Israel has repeatedly suspended the transfer of the PA's tax revenues since the start of the war. Finance Minister Smotrich initially suspended all payments until President Biden helped broker a deal with Norway acting as an intermediary.³ However, Israel has recently again suspended transferring tax revenues to the PA in response to international efforts to recognize Palestinian statehood and the International Criminal Court's decision to seek arrest warrants for Israeli Prime Minister Benjamin Netanyahu and Defense Minister Yoav Gallant.⁴

By virtue of a 1994 protocol on economic relations annexed to the Oslo Accords, Israel collects these tax revenues on behalf of the Palestinians and transfers them to the PA, which uses them in part to pay the wages of government employees. These tax revenues constitute nearly two-thirds

¹<https://thedocs.worldbank.org/en/doc/ce9fed0d3bb295f0363d690224d1cd39-0280012024/original/Palestinian-Econ-Upd-May2024-FINAL-ENGLISH-Only.pdf>

² Ibid.

³ <https://www.axios.com/2024/06/13/blinden-netanyahu-release-frozen-palestinian-tax-funds>

⁴ <https://www.nytimes.com/2024/05/22/world/middleeast/israel-reacts-palestinian-finance.html>

of the PA's annual budget.⁵ As National Security Advisor Jake Sullivan recently stated, withholding funds "undermines the search for security and prosperity for the Palestinian people, which is in Israel's interests."⁶ While we understand and appreciate that the Biden administration has been seeking a solution with an alternate third country, urgent action is needed.

Israel has also threatened not to renew a waiver that allows Israeli correspondent banks to process payments from Palestinian financial institutions, a move that would significantly harm the Palestinian economy. As U.S. Treasury Secretary Yellen asserted, "these banking channels are critical for processing transactions that enable almost \$8 billion a year in imports from Israel, including electricity, water, fuel and food, as well as facilitating almost \$2 billion a year in exports on which Palestinian livelihoods depend."⁷

These measures will severely hamper economic activity in the West Bank and will likely lead to more unrest. A collapse of the PA would threaten regional security and run counter to the aim of achieving a two-state solution in which Israelis and Palestinians coexist peacefully, with mutual security and prosperity. By strengthening the PA, we can enhance its ability to uphold the rule of law, protect civilians, and deter extremist elements in the West Bank.

The World Bank plays a crucial role in promoting shared economic prosperity by investing in infrastructure to help developing regions. This includes education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. We appreciate the recent \$30 million grant to improve education services in the West Bank.⁸ However, additional assistance is sorely needed.

While we will work diligently to ensure that Israel allows funding to flow to the West Bank, we urge the World Bank to use every available tool, including but not limited to grants, co-financing loans from development partners, and investment guarantees, to stabilize the West Bank economy, reduce widespread poverty, and alleviate suffering.

We respectfully request a briefing to learn of all actions the World Bank is taking and how Congress can assist in those efforts.

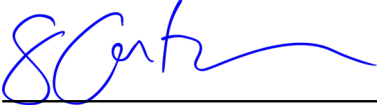
Sincerely,

⁵ <https://al-shabaka.org/commentaries/the-pas-revenue-structure-and-israels-containment-strategy/>

⁶ <https://www.whitehouse.gov/briefing-room/press-briefings/2024/05/22/press-briefing-by-press-secretary-karine-jean-pierre-and-national-security-advisor-jake-sullivan-17/>

⁷ <https://www.timesofisrael.com/us-treasury-chief-troubled-by-smotrichs-threat-to-cut-off-palestinian-banks/>

⁸ <https://www.worldbank.org/en/news/press-release/2024/02/21/world-bank-group-supports-delivery-of-essential-education-services-in-the-west-bank>



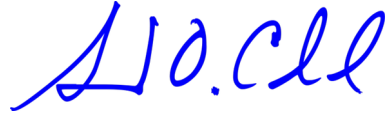
Sean Casten
Member of Congress



Rosa L. DeLauro
Member of Congress



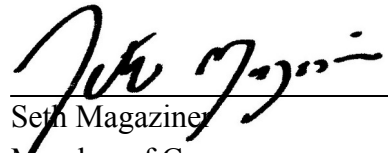
Jahana Hayes
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Salud Carbajal
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Eleanor Holmes Norton
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Seth Magaziner
Member of Congress



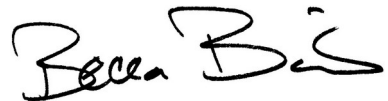
Sylvia R. Garcia
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Joaquin Castro
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Alexandria Ocasio-Cortez
Member of Congress



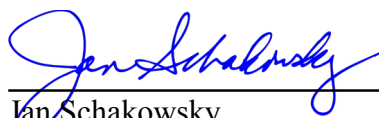
Becca Balint
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James P. McGovern
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Barbara Lee
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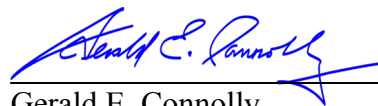
Jan Schakowsky
Member of Congress



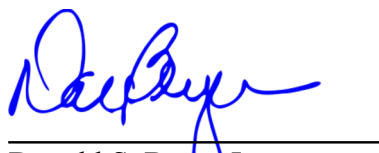
Pramila Jayapal
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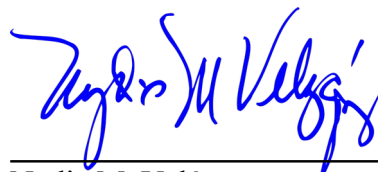
Eric Swalwell
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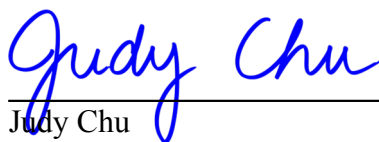
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Donald S. Beyer Jr.
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Nydia M. Velázquez
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Judy Chu
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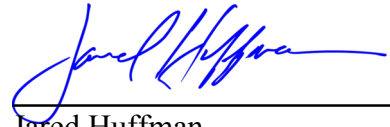
Sara Jacobs
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Chris Deluzio
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Jared Huffman
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Dwight Evans
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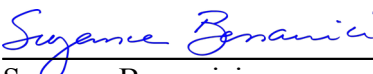
Henry C. "Hank" Johnson, Jr.
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Suzanne Bonamici
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Veronica Escobar
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Chellie Pingree
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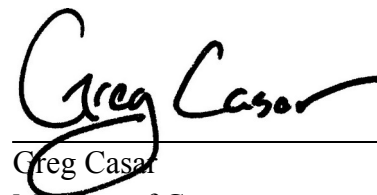
Betty McCollum
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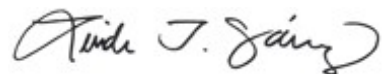
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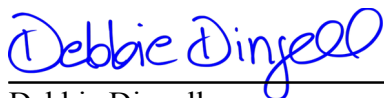
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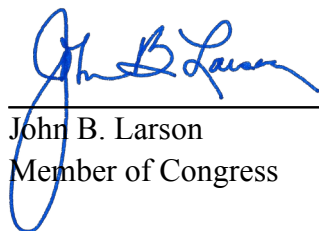
Madeleine Dean
Member of Congress



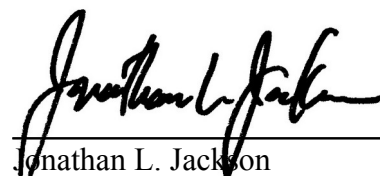
Maxwell Alejandro Frost
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Earl Blumenauer
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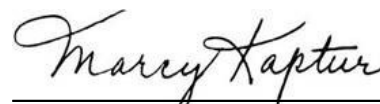
John B. Larson
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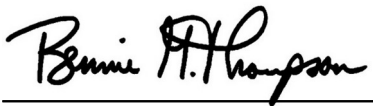
Jonathan L. Jackson
Member of Congress



MARK TAKANO
Member of Congress



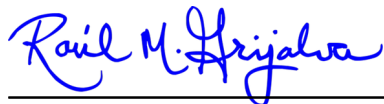
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Bennie G. Thompson
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Gabe Amo
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Raúl M. Grijalva
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