



DIVISION FOR
PALESTINIAN RIGHTS

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Bulletin

**on action by the United Nations system and
intergovernmental organizations
relevant to the question of Palestine**

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<http://unispal.un.org>*

I. PALESTINIAN RIGHTS COMMITTEE ADOPTS ANNUAL REPORT TO GENERAL ASSEMBLY

On 6 October 2008, at its 312th meeting, the Committee on the Exercise of the Inalienable Rights of the Palestinian People adopted its annual report to the General Assembly. The following are conclusions and recommendations of the Committee contained in the report (A/63/35):

The year 2008 marked 60 years of Palestinian dispossession, or the Nakba, as the Palestinians refer to the loss of their homeland. Hundreds of thousands of Palestinians were forced to leave their homes and properties as a result of the Arab-Israeli hostilities of 1948. At its special meeting to mark that event, the Committee reiterated the permanent responsibility of the United Nations towards the question of Palestine until it is resolved in all its aspects in accordance with international law and urged the international community to continue its support for the Middle East peace process.

The Committee was encouraged by the new level of engagement by major stakeholders from all regions that led to the Annapolis conference and Paris donors' conference resulting in a resumption of permanent status negotiations between Israel and the Palestinians and an outstanding degree of support for the Palestinian Authority and its economic reform programme. The Committee structured its activities throughout the year so as to support a climate conducive to the advancement of permanent status negotiations between the parties aimed at the achievement of the two-State solution and the realization of the inalienable rights of the Palestinian people. The Committee stressed the need for a complete cessation of all acts of violence, including military attacks, destruction and acts of terror. It called upon

Israel, the occupying Power, to end its illegal policies and oppressive practices in the Occupied Palestinian Territory, including East Jerusalem, such as settlement activities, the construction of the wall and numerous measures of collective punishment. It emphasized the importance for both sides of implementing their road map obligations. The Committee welcomed the resumption of the negotiations between the parties, including at the highest level. It has repeatedly stressed that the political momentum provided by the Annapolis and Paris conferences must not be lost, and supported all efforts towards the goal of achieving a final status agreement by the end of 2008.

Regrettably, the Israeli-Palestinian negotiations were not supported by tangible improvements in the situation on the ground. The occupying Power continued to change the reality of life in the Occupied Palestinian Territory, including East Jerusalem, through the expansion of settlements and related infrastructure, including the wall, and the fragmentation of the Occupied Palestinian Territory using checkpoints and other obstacles. This led to the stagnation of the political process and continued deterioration of Palestinian socio-economic conditions, further undermining efforts by the Palestinian Authority and the international community to bring about a two-State solution. The Committee is of the view that

the illegal Israeli occupation of the Palestinian Territory must end without conditions, which should allow the Palestinian people to establish an independent State on all territories occupied in 1967, including East Jerusalem, and to exercise their inalienable rights, including the right to self-determination. The Committee firmly supports the two-State solution in accordance with Security Council resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003). The Committee is convinced that only serious and sustained international engagement will bring about a peaceful and negotiated settlement of all outstanding issues and reverse the growing support for radical forces that promote violent and unilateral approaches to ending the conflict. Any diplomatic process needs to be buttressed by urgent and meaningful steps on the ground. The continued support of the international community is crucial for advancing the process, namely, a consistent dialogue between the Quartet and the parties and the inclusion of regional partners. The Arab Peace Initiative remains a crucial element for advancing peace in the region. States members of the European Union are encouraged to take a more proactive role in international efforts to resolve the conflict. The Committee welcomes the unwavering and substantial budgetary support for the Palestinian Authority provided by the European Union and other major donors. At the same time, it calls upon all donors to live up to their pledges and ensure the continued functioning of the Palestinian Authority institutions.

It is also imperative that the parties live up to their road map obligations. In particular, the Committee calls upon Israel to end its military operations in the

Occupied Palestinian Territory and to stop any other measures that further undermine Palestinian institutions. The Committee is strongly opposed to the illegal construction and expansion of settlements in the West Bank, as well as the unlawful construction of the wall, and finds these activities incompatible with negotiations on the permanent settlement. It again reminds Israel, the occupying Power, that it is bound by the Geneva Convention relative to the Protection of Civilian Persons in Time of War, which, inter alia, obliges parties to the Convention to protect civilians during hostilities. Israel must release, immediately and unconditionally, all Palestinian prisoners, including imprisoned Cabinet members and parliamentarians. The Committee strongly condemns the killing of innocent civilians by either side. It denounces rocket attacks on Israel and calls for the cessation of these activities by Palestinian armed groups. The Committee has welcomed the agreed upon ceasefire in Gaza and has demanded its extension to the West Bank. The ceasefire and the political process can be sustained only once Israel has stopped and reversed all illegal actions in the Palestinian Territory occupied since 1967.

The Committee calls upon the Palestinian leadership, the leaders of all factions and all Palestinians to unite in support of President Abbas, his Government and all democratically elected Palestinian institutions and to resolve their political differences by peaceful means. The Committee calls for a comprehensive national dialogue supported by confidence-building measures to start a process of regaining national unity and the reunification of Gaza and the West Bank under the Palestinian Authority. It is

paramount that the various Palestinian factions put the national interests and aspirations of the Palestinian people ahead of any partisan concerns. The Committee firmly believes that the unity of the Palestinian people is an essential condition for achieving a viable solution of the question of Palestine.

The Committee is convinced that its own work and the programme of mandated activities of the Division for Palestinian Rights represent a significant contribution by the United Nations and its membership to the search for a comprehensive, just and lasting peaceful solution of the question of Palestine, in accordance with international law and relevant United Nations resolutions. It will continue to generate heightened international awareness of the various aspects of the question of Palestine, international support for the rights of the Palestinian people and the peaceful settlement of the question of Palestine. In this connection, the Committee emphasizes the useful and constructive contribution of the Division in support of its mandate aimed at enabling the Palestinian people to exercise their inalienable rights. It notes with satisfaction: (a) the level of dialogue, engagement and support of the international community for its programme objectives, for instance, in terms of both participation at the meetings convened and the use of printed and electronic information materials provided by the Division; (b) the continued involvement of civil society organizations in support of the efforts of the Committee and the United Nations towards a comprehensive, just and lasting settlement of the question of Palestine; and (c) the increased international awareness of United Nations policies and activities on the question of Palestine as indicated by the growing number of

documents and relevant information materials on the issue accessed by users worldwide at the websites maintained by the Division. The Committee also considers that the annual training programme for staff of the Palestinian Authority has proved its usefulness and requests that it be continued.

The Committee considers that its programme of international meetings and conferences contributes to focusing the attention of Governments, intergovernmental and civil society organizations and the general public on the need for advancing a peaceful settlement of the conflict and mobilizing much-needed assistance to the Palestinian people. The Committee, through its Bureau, will regularly assess the outcomes of the international meetings and conferences and, where required, decide on steps to enhance their contribution to the mandated goals of the Committee. In its meetings programme for 2009, the Committee intends to address issues such as the importance of the continuation of the political dialogue between the parties aimed at achieving a permanent settlement of the question of Palestine; the significance of realizing a tangible improvement in the situation in the Occupied Palestinian Territory, including East Jerusalem; and the urgent need for all stakeholders to remain engaged in all aspects of the question of Palestine, to monitor and assess the developments and to use the available mechanisms, such as the main organs of the United Nations, to actively influence the process. The Committee will also highlight the adverse consequences of the settlement policy and the construction of the wall for the achievement of a two-State solution; the collective international responsibility to protect the Palestinian people; and the need

to alleviate humanitarian and socio-economic hardships, including the plight of Palestinian women and children, with particular focus on the urgent need to improve the situation in Gaza.

The Committee commends civil society organizations for their efforts to uphold international legitimacy with regard to the question of Palestine through advocacy and the mobilization of public opinion and for their initiatives aimed at alleviating the plight of the Palestinian people. It has welcomed the efforts made by organizations worldwide to mark 60 years of Palestinian dispossession, raising public awareness of this long-standing and tragic issue. The Committee appreciates the support it receives from the Secretariat in strengthening cooperation with civil society. The Committee encourages civil society organizations to broaden their base, involving trade unions and other large organizations, and to focus and harmonize their advocacy efforts at the local, national, regional and international levels. The Committee looks forward to further developing its cooperation with parliamentarians and their umbrella organizations. The Committee is of the opinion that the experience and political influence of lawmakers can be instrumental in consolidating the democratic process and institution-building in the territory under the Palestinian Authority, strengthening political dialogue between the parties and in applying norms of international law to efforts to resolve the conflict.

The Committee requests the Division to continue its substantive and secretariat support; the programme of research, monitoring and publications and other informational activities, such as the further expansion and development of UNISPAL, including the graphic enhancement of the “Question of Palestine” website; the annual training programme for staff of the Palestinian Authority; and the annual observance of the International Day of Solidarity with the Palestinian People.

The Committee is of the view that the special information programme on the question of Palestine of the Department of Public Information has made an important contribution to informing the media and public opinion of the relevant issues. The Committee requests the continuation of the programme, with the necessary flexibility, as warranted by developments relevant to the question of Palestine.

Wishing to make its contribution to the achievement of a comprehensive, just and lasting settlement of the question of Palestine, and in view of the many difficulties facing the Palestinian people and besetting the peace process, the Committee calls upon all States to join it in this endeavour and to extend their cooperation and support to the Committee, and invites the General Assembly again to recognize the importance of its role and to reconfirm its mandate.

II. UNESCO ADOPTS TWO DECISIONS ON JERUSALEM

The Executive Board of the United Nations Educational, Scientific and Cultural Organization (UNESCO) adopted two decisions, on safeguarding the cultural heritage of the Old City of Jerusalem, and on the Mughrabi ascent in the Old City of Jerusalem, during its 180th session held in Paris from 30 September to 21 October 2008. The decisions are reproduced below (180 EX/SR.11 and 180 EX/SR.13):

Jerusalem and the implementation of 34 C/Resolution 47 and 179 EX/Decision 9

The Executive Board,

1. Recalling 34 C/Resolution 47 and 179 EX/Decision 9, as well as the provisions of the four Geneva Conventions (1949), the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict (1954) and the related Protocols, and the Convention for the Protection of the World Cultural and Natural Heritage (1972), the inscription of the Old City of Jerusalem on the World Heritage List and on the List of World Heritage in Danger, and the recommendations, resolutions and decisions of UNESCO on the protection of cultural heritage,

2. Affirming that nothing in the present decision, which is aimed at the safeguarding of the cultural heritage of the Old City of Jerusalem, shall in any way affect the relevant United Nations resolutions and decisions, in particular the relevant Security Council resolutions on the legal status of Jerusalem,

3. Having examined document 180 EX/10 and Addendum,

4. Expresses its sincere thanks to the Director-General for his sustained efforts for the safeguarding of the cultural heritage of the Old City of Jerusalem, in compliance

with the relevant resolutions and decisions of the General Conference and of the Executive Board, and reiterates its concern as to the obstacles, practices and actions, unilateral or otherwise, affecting the preservation of the distinctive character of the Old City of Jerusalem;

5. Invites the Director-General to pursue his efforts with the concerned parties for the safeguarding of the outstanding universal value of the Old City of Jerusalem;

6. Thanks the Jordanian authorities for having accepted to bear the cost of the storage fees to facilitate the delivery of the equipment for the manuscripts conservation laboratory in al-Ashrafiya Madrasa;

7. Welcomes the action taken by the Israeli authorities to facilitate the delivery of the equipment for the manuscripts conservation laboratory in al-Ashrafiya Madrasa;

8. Thanks the donor community for its contributions to the implementation of conservation, restoration and training activities in the Old City of Jerusalem, and encourages UNESCO Member States to contribute to the implementation of activities foreseen in the Action Plan for the safeguarding of the cultural heritage of the Old City of Jerusalem, notably through extrabudgetary resources;

9. Decides to include this item on the agenda of the 181st session of the Executive Board and invites the Director-General to submit to it a progress report thereon.

Implementation of 34 C/Resolution 47 and 179 EX/Decisions 9 and 52 relating to the Ascent to the Mughrabi Gate in the Old City of Jerusalem

The Executive Board,

1. Having examined document 180 EX/5 Add.3 Rev.,

2. Recalling 176 EX/Special Plenary Meeting/Decision, 177 EX/Decision 20, 179 EX/Decisions 9 and 52,

3. Further recalling Decisions 31 COM 7A.18 and 32 COM 7A.18 adopted by the World Heritage Committee at its 31st (Christchurch, 2007) and 32nd (Quebec City, 2008) sessions respectively,

4. Also recalling the relevant provisions on the protection of cultural heritage including, as appropriate, the four Geneva Conventions (1949), the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954, the Convention for the Protection of the World Cultural and Natural Heritage of 1972, the inscription of the Old City of Jerusalem and its Walls at the request of Jordan on the World Heritage List (1981) and on the List of World Heritage in Danger (1982), and the recommendations, resolutions and decisions of UNESCO,

5. Reaffirming the purpose and spirit of the professional encounter at the technical level of 13 January 2008, as well

as the follow-up meeting of 24 February 2008,

6. Being aware that the process for the design of the Mughrabi ascent, which allows for the taking into consideration of the proposals submitted during the professional encounter, is still under way, and that the World Heritage Centre is following closely the developments associated with this process through its Reinforced Monitoring Mechanism,

7. Being aware of the deep concerns regarding the decision taken by the Jerusalem District Planning and Construction Commission on the town planning scheme for the Mughrabi ascent,

8. Requests that, despite this decision, the process for the design of the Mughrabi ascent be inclusive of all concerned parties, in accordance with the spirit and content of previous World Heritage Committee decisions;

9. Reaffirms that no measures, unilateral or otherwise, should be taken which will affect the authenticity and integrity of the site, in accordance with the Convention for the Protection of the World Cultural and Natural Heritage of 1972;

10. Reiterates the request made by the World Heritage Committee at its 32nd session in Decision 32 COM 7A.18 that the Israeli authorities continue the cooperation engaged with all concerned parties, in particular with Jordanian and Waqf experts;

11. Reiterates the request made by the World Heritage Committee at its 32nd session in Decision 32 COM 7A.18 that the World Heritage Centre organize a technical

follow-up meeting at the site with all concerned parties for additional exchanges of information to enable all necessary inputs to be considered;

12. Notes with satisfaction that the follow-up meeting requested by the World Heritage Committee at its 32nd session in Decision 32 COM 7A.18 is tentatively scheduled for early November 2008;

13. Expresses its thanks to the Director-General for the action he has taken to facilitate the dialogue and professional exchanges between all the concerned parties;

14. Invites the Director-General to submit to it a progress report thereon at its 181st session.

III. UNDER-SECRETARY-GENERAL FOR POLITICAL AFFAIRS BRIEFS SECURITY COUNCIL

On 22 October 2008, United Nations Under-Secretary-General for Political Affairs B. Lynn Pascoe briefed the Security Council on "The situation in the Middle East, including the Palestinian question." Following are excerpts from the briefing (S/PV.5999):

...

Bilateral contacts between Israel and the Palestinians continued, with meetings held between Israeli negotiators and Foreign Minister Tzipi Livni and the lead Palestinian negotiator, Ahmad Qurei, on 23 September; between President Abbas and President Peres on 26 September in New York; and between advisers.

In Israel, the process of political transition is ongoing. On 21 September, President Peres commissioned newly elected Kadima Party leader Livni to form a new Government. As of this report, coalition negotiations are continuing, with the deadline extended by President Peres to 3 November.

On 26 September, the Secretary-General convened a meeting of the Quartet principals at United Nations Headquarters. The Quartet called upon the parties to make every effort to conclude an agreement before

the end of 2008 and underlined its commitment to the irreversibility of the process leading to the creation of a Palestinian State living in peace and security alongside Israel.

The Quartet principals welcomed the parties' suggestion to brief the Quartet on the negotiations and expressed interest in coordinating such a meeting at a mutually acceptable time, hopefully in the coming weeks. The Quartet also agreed that spring 2009 could be an appropriate time for an international meeting in Moscow.

The Quartet commended Egypt for its efforts to help reunite the West Bank and Gaza within the framework of the legitimate Palestinian Authority. Quartet members and Arab League representatives held a constructive discussion, over an *iftar* hosted by the Secretary-General on 26 September, on how to work together in the crucial period ahead in support of the Israeli-Palestinian process, Palestinian reunification

and regional peace. The meeting also reaffirmed the central importance of the Arab Peace Initiative.

In that context, the Secretariat continues to work closely with Arab countries. Last week, Special Coordinator Robert Serry visited Amman for an audience with King Abdullah II of Jordan and meetings with other senior officials.

On 22 September, the Ad Hoc Liaison Committee comprising the parties and key donors, as well as Quartet Representative Blair, met on the margins of the General Assembly. The Committee commended the efforts of the Government of Prime Minister Fayyad to implement its reform and development agenda and encouraged the continuation of ongoing security and institution-building efforts.

It urged further steps, including the easing of movement and access restrictions. Donors have contributed over \$1.3 billion in budgetary aid during 2008 towards Palestinian Authority recurring costs and development initiatives.

The security efforts of the Palestinian Authority, in accordance with the Road Map, focus on deepening progress in the Jenin governorate, which Special Coordinator Serry visited today. Efforts are being extended to Hebron, where Palestinian security forces recently discovered a tunnel allegedly used by militants. We also note positively that considerable progress has been made by the Palestinian Authority in defining a strategy for the development of the judicial sector and that the number of judges and prosecutors has doubled during the past year.

Despite those efforts, the situation on the ground is not improving in the way that is required. Israeli-Palestinian violence this past month claimed the lives of seven Palestinians, two of them children, while injuring 116 Palestinians and 34 Israelis. Among the incidents were the killings of a 61-year-old Palestinian woman and a 15-year-old child when the Israel Defense Forces (IDF) fired at stone-throwers in the West Bank. There were clashes in Ni'lin village on the first day of the annual olive harvest and an incident in Ni'lin on 23 September in which Israeli border police reportedly fired tear gas at a civilian delegation including a European Commission official and local Palestinian officials and members of non-governmental organizations. There were also physical assaults by settlers against Palestinian farmers and the burning down of an olive grove on 15 October. This year's olive harvest is in its early days, and concerns exist for the safety of Palestinian farmers as they harvest crops in the vicinity of settlements and outposts, as well as about their ability to gain access to land isolated between the Barrier and the Green Line.

Israeli Defense Minister Barak has denounced those attacking olive pickers and has stated that the IDF is making a major effort to protect farmers, but he has said that it is impossible to guard all locations. We reiterate the call of the Quartet for the enforcement of the rule of law, given continued settler violence against Palestinian civilians.

On 23 September, 19 Israelis, among them eight IDF soldiers, were injured when a Palestinian man from East Jerusalem drove a car into a group of pedestrians. The driver

was shot dead by an IDF officer at the scene. Tensions were heightened by communal clashes in the city of Acre in Israel on and in the days following the Jewish holiday of Yom Kippur.

While the Government of Israel has taken some positive steps aimed at easing certain internal movement for Palestinians in the West Bank, there are, according to the Office for the Coordination of Humanitarian Affairs, currently 630 obstacles to Palestinian movement throughout the West Bank. Barrier construction has also continued in occupied Palestinian territory, contrary to the International Court of Justice advisory opinion.

The United Nations continues to engage Israeli authorities on access restrictions imposed on United Nations staff in both Gaza and the West Bank and the facilitation of the import of materials still required for the resumption of stalled United Nations projects in Gaza. The Resident and Humanitarian Coordinator is seeking solutions to the operational problems of the United Nations in a manner consistent with Israel's security concerns and is looking to work even more closely with the Israeli Government and, in particular, with those who are able to provide solutions.

There has been no progress in the reporting period on Israel's key Road Map and Annapolis commitments, that is, a genuine settlement freeze, removal of outposts and opening of Palestinian institutions in East Jerusalem. Settlement construction continues across the West Bank, including in East Jerusalem. The United Nations position on their illegality is well known. The Quartet's clear statement expressed concern about increasing

settlement activity and called on Israel to meet its obligations. These must be heeded.

We continue to follow closely all developments pertaining to the Old City of Jerusalem. The month of Ramadan passed with smoother coordination than in previous years, but a majority of Palestinian Muslims were not able to pray at Al-Aqsa mosque due to permit and access restrictions. Under increased Israeli security presence in the Old City, a synagogue was opened by settlers in the Muslim quarter on 12 October. The Secretary-General continues to call for an end to unilateral action in Jerusalem and reminds all parties that the status of the city remains an issue for permanent status negotiations.

The calm brokered by Egypt is by and large holding between Gaza and southern Israel, although incidents have taken place, including the firing of a rocket into the Negev yesterday and the subsequent closure of border crossings between Israel and the Gaza Strip. The Erez crossing was reopened, but commercial crossings remain closed today.

Unfortunately, there has been no improvement in the movement of goods and people in and out of Gaza. During the period, supplies of petrol, diesel, cooking gas and industrial gas fell short of weekly needs. The number of truckloads of imported goods allowed into Gaza decreased compared with the previous period. Construction projects valued at \$240 million, including \$149 million-worth of United Nations construction projects, remain on hold owing to the absence of construction materials.

The number of people who entered Israel for medical treatment during the first four weeks of September decreased by 38 per cent compared with the first four weeks of August. Some 150 students were denied permission to leave Gaza to reach their places of study abroad. On 8 October, the IDF, citing security concerns, denied entry into Gaza to eight Israeli medical volunteers who had been issued permits.

Fourteen Palestinians were reportedly killed as a result of collapses, closures or accidents in tunnels along the Gaza-Egypt border during the reporting period. Media reports suggest that several thousand Palestinians gain income from the tunnel industry, which is reportedly regulated by Hamas. The current situation underscores the importance of a sustained and orderly reopening of crossings into Gaza under the Palestinian Authority, in accordance with the 2005 Agreement on Access and Movement, as called for by the Quartet.

The continued split between the West Bank and Gaza is having increasingly adverse effects. Two Palestinians, including one child, were killed in Gaza in internal violence. The teachers' strike reported last month continued, affecting around 250,000 pupils. Thousands of new substitute teachers are being brought into the schools by Hamas, and frictions were evident on 21 October when a student was declared clinically dead after having fallen three stories following an altercation involving a Hamas-appointed teacher. The health workers' strike continued, causing concerns over the quality and timely provision of services and delays in elective surgeries and referrals. The percentage of essential drug items jumped from zero to 22 per cent, double that of the essential drug items out of

stock in August, when responsibility for delivering medical supplies to Gaza was transferred from the World Health Organization to the Palestinian Authority Ministry of Health.

The Egyptian-mediated process aimed at the reunification of Gaza and the West Bank within the framework of the legitimate Palestinian Authority is ongoing. Earlier this month, Egyptian mediators completed a round of meetings with Palestinian factions, which have now received a draft proposal for consideration. President Abbas has also continued regional consultations, including a recent visit to Damascus. We look forward to all regional States lending their support to Egypt's efforts under the auspices of the League of Arab States, which will meet at the foreign minister level in Cairo next month.

We continue to call for the International Committee of the Red Cross to be granted access to Israeli Corporal Gilad Shalit, now in his twenty-sixth month of captivity, and for his release. We reaffirm our support for efforts to secure his release, as well as that of a number of Palestinian prisoners.

...

Notwithstanding the transition currently under way in Israel, we hope that Israeli-Palestinian negotiations will not only continue but intensify between now and the end of the year, within the Annapolis framework. We look forward to the parties briefing the Quartet in the near future. Conditions on the ground in the West Bank must significantly improve through parallel actions and the meeting of Road Map commitments, especially on settlements.

Conditions in Gaza must be eased, the calm extended and unity pursued under Egyptian auspices. We encourage the continuation and intensification of the indirect Israeli-Syrian talks. Further work is also essential to build on recent positive developments in Lebanon.

The Secretary-General will continue to work intensively for the implementation of all relevant Security Council resolutions and for the achievement of a just, lasting and comprehensive peace in the Middle East.

IV. WORLD BANK ISSUES REPORT ON RESTRICTED ACCESS TO LAND IN WEST BANK

On 23 October 2008, the World Bank issued a report entitled “The Economic Effects of Restricted Access to Land in the West Bank”. Following is the executive summary of the report:

In developing countries, land is of fundamental importance to economic activity and development: it is often the most common means of storing wealth and a powerful economic asset; it provides a foundation for economic activity in sectors as varied as agriculture, industries, housing and tourism; it is also a key factor in the functioning of market (e.g. credit), and non-market institutions (e.g. local governments). In the West Bank, land takes on a particular significance, as economic activity has been stifled by the ongoing conflict; and as much of the land area is inaccessible due to Israeli restrictions on movement of people and access to natural resources. This policy note aims at analyzing the channels through which land access restrictions and market distortions constrain productive and public sector investment, and trace their effects on the development of key economic sectors.

The 1995 Oslo interim agreement split the West Bank and Gaza into three Areas A, B, and C, with different security and administrative arrangements and authorities. This note focuses on the West Bank, where this territorial fragmentation continues to

have developmental implications. The land area controlled by the Palestinians (Area A corresponding to all major population centres and Area B encompassing most rural centres) is fragmented into a multitude of enclaves, with a regime of movement restrictions between them. These enclaves are surrounded by Area C, which covers the entire remaining area and is the only contiguous area of the West Bank. Area C is under full control of the Israeli military for both security and civilian affairs related to territory, including land administration and planning. It is sparsely populated and underutilized (except by Israeli settlements and reserves), and holds the majority of the land (approximately 59 per cent). East Jerusalem was not classified as Area A, B or C in the Oslo interim agreement and its status was to be resolved in final status negotiations.

This allocation, which establishes the Palestinian administration over most of the populated areas and gives it limited control over natural resources and agricultural lands, was meant to be only transitory, with the Palestinian Authority expected to assume

control over an increasingly larger share of Area C. However little territory has been transferred to PA control since the signing of the Oslo interim agreement, and this process has been completely frozen since 2000. As the Palestinian population grows and its resource and development needs increase, this long-lasting situation has become an increasingly severe constraint to economic activity.

The effects on the Palestinian economy of the current territorial distribution extend much beyond its most obvious manifestations. The physical access restrictions are the most visible, with 38% of the land area reserved by the Government of Israel to serve settlements and security objectives and a system of checkpoints, road closures, the Separation Barrier, and permit requirements for access that constrain movement of people and goods within and out of the West Bank. Recurrent destruction of trees, private homes and public infrastructure, as well as settlers' encroachments on private land create a permanent state of insecurity that deters Palestinian investment in Area C. At the same time, the land use and planning regulations in effect in Area C have less obvious consequences but are no less detrimental to Palestinian economic development. These regulations tend to limit development within the confines of existing villages, with too little suitable space for demographic growth, causing irrational land use and unsound environmental management. The construction permit system slows down or halts altogether most construction. And the land administration system does not adequately protect the property rights of the Palestinian people, a source of uncertainty incompatible with investments and growth.

Predictably, economic activity in Area C is limited primarily to low intensity agriculture. High intensity agricultural, industrial, housing, tourism, and other investments are hindered by the difficulty in obtaining construction permits from the Israeli authorities and the limited amount of titled land available due to the cessation of systematic land registration since 1967. Land development is constrained by the application of archaic regional plans dating back to the British Mandate. Where village master plans are available, they are prepared by the Israeli Civil Administration without community participation and limit development primarily to filling in existing developed areas. Building permits are rare and difficult to obtain, with only a handful approved by the Israeli authorities annually for the past several years. In the meantime, unlicensed construction continues due to the needs of an expanding population despite a demolition rate that far outpaces building approvals by the Israeli authorities.

Today, only a fraction of the Palestinian population resides in Area C, where the incentive framework and the lack of legal recourse are not conducive for people to stay. Area C dwellers are mainly farmers and herders, who tend to fare worse than the general population in terms of social indicators, being underserved in public services and infrastructure, and being denied permits to upgrade their homes or invest in agriculture and other businesses. The comparison is even less favourable with other Area C residents, namely Israeli settlers, who face more flexible planning and building regulations and have more legal remedies.

The consequences of the territorial distribution are no less significant for the areas under the administrative control of the Palestinian Authority (PA), where most of the Palestinian people reside today. At the time of the Oslo Accords, the limits of Areas A and B were drawn around urban and rural population centres, and were not intended to accommodate long-term demographic growth and related economic and social infrastructure development. While this may have been acceptable under an interim scenario of progressively larger devolution of land to Areas A and B, which according to the Oslo interim agreement should have been concluded within eighteen months, after thirteen years with minimal Israeli redeployments from Area C the situation has now become untenable. Land transfer from C to A/B has not kept pace with population growth, and roads reserved for settlers constitute additional barriers for Palestinians. Reserved roads, to which Palestinian access is restricted, coupled with the development of settlements often in close proximity, or directly adjacent to Palestinian towns, have fragmented the Palestinian space even further. This has reduced the accessibility and hence the value of some vacant land in Area B and A now separated from the centres of economic life.

This territorial division distorts land markets by creating artificial land shortages. Vacant land is scarce in Area A and only the most accessible parts of Area B are suitable for development, while Area C is not desirable for development purposes due to the difficulties in obtaining construction permits from the Israeli authorities. At the same time, demand is rising rapidly from a growing population who receives public sector salaries and/or remittances, as well as from investors lacking other profitable

opportunities. As a result, land prices are shooting up and in certain towns are becoming prohibitive for all but high value commercial activities, or high rise apartment building. Residential development is crowding out other economic activities on scarce plots available for development, yet there remains a housing shortage. Industrial development is handicapped by a combination of trade impediments and unavailability of industrial plots at viable prices. Public investment in infrastructure likewise has nearly ceased, in part due to lack of public funds; but even when donor funds are available, suitable land is mostly in Area C where permits are rarely obtained and even then after long delays. In Areas A and B, there is little municipal land and often resorting to the land market is not an option due to the high prices.

Urban development cannot be planned and implemented in the most rational manner, thereby aggravating, instead of alleviating, the environmental problems caused by high population densities. Overcrowding and land scarcity skew the pattern of urban development towards housing and away from economic activities and basic public infrastructure. For the latter, difficulties are compounded by the need to obtain permits from the Government of Israel to locate certain types of polluting infrastructure, such as sewage treatment or landfills away from the population. The inability to obtain such permits leaves Palestinians at risk from health and safety hazards due to obsolete or inadequate installations. The same constraint leads some industries to establish polluting or dangerous plants in towns with similar risks for their population. Finally in Palestinian towns, there is not enough land to provide open spaces for the people to enjoy some greenery.

In the meantime, land administration and registration within the PA controlled areas has been slow and lacking in institutional capacity and resources. The Palestinian Land Authority (PLA), the mandated institution responsible for all aspects of land administration has only been formed in the last few years and has yet to build sufficient capacity to effectively manage public land resources and provide efficient land registration and administration services to the public. An inventory of public lands in Areas A and B, which are under PLA authority, is not yet available. Systematic registration has only just begun and is expected to take decades to complete unless significantly more resources are provided. Meanwhile, the legislative framework has yet to be reformed to deal with improved registration, reorganization of the PLA, and more transparent public land allocation and management.

In the aftermath of the Oslo Accords, the Palestinian economy was expected to enter a period of sustained and rapid growth. Instead, after a few years of growth, starting in 2000, the economy has been in steady decline, with overall GDP and per capita GDP respectively down 14% and 40% from their peak in 1999, and poverty on the increase. Meanwhile foreign aid has succeeded in doing little more than slowing down the deterioration of the economy, despite ever larger volumes.

The reversal of the downward economic trend will require stimulating private and public sector investment. This in turn will entail increasing the economic space available for Palestinian urban and rural development in the West Bank, including addressing the increasingly

entrenched and expanding impact of Israeli settlement activity on the Palestinian economy, and enabling the use of land through a participatory planning system and land administration policy that foster rather than constrain growth and development and promote the rational use of land resources in the entire West Bank.

In parallel, the PA will need to strengthen its own capacity for planning and land administration. It is not too soon for the PA to improve its governance in all aspects of land management, most importantly land use and development planning and public land allocation and management, while also developing PLA capacity to implement systematic land registration. Recently, the Palestinian Cabinet made an important step with the approval of a new Land Policy Framework, including key measures to reform the land sector. Pending approval of the Action Plan to implement the policy package, donors including the Bank stand ready to support the policy reform and a national land registration program.

In time, increasing the stock of Palestinian land with secure titles will boost private sector activity, and better land records will facilitate land use planning and the acquisition of municipal land for public services. Under present circumstances nonetheless, where constraints on urban development are very serious and induced distortions on land markets are enormous, the economic impact of improved land administration by the PA will have its limit. As long as access and movement restrictions are in place, and the majority of the West Bank remains to a large degree inaccessible for Palestinian economic investments, the

investment climate will remain unfavourable and business opportunities much below potential. Yet the conditions for security of property rights and an efficient land market will be in place, and latent investments and

growth will be ready to take off once a final resolution is reached, the movement restrictions are lifted, and the land situation becomes more favourable.

