

UNITED NATIONS



NATIONS UNIES

**OFFICE OF THE UNITED NATIONS SPECIAL COORDINATOR  
FOR THE MIDDLE EAST PEACE PROCESS**

**Report to the  
Ad Hoc Liaison Committee**

*Brussels, 19 April 2016*

**Contents**

List of Acronyms..... ii

Executive Summary..... 1

I. Introduction ..... 3

II. Political Context ..... 3

III. Protection and Humanitarian Needs..... 4

IV. Human Rights..... 6

V. Access and Movement..... 7

VI. State Building Priorities..... 8

VII. Key Development Trends..... 11

VIII. Gaza Reconstruction and Recovery ..... 14

Endnotes ..... 17

## List of Acronyms

AHLC	Ad Hoc Liaison Committee
ARG	Arab Regional Grid
CBS	Central Bureau of Statistics
COGAT	Coordination of Government Activities in the Territories
ECD	Early childhood development
ERW	Explosive remnants of war
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GEDCo	Gaza Electricity Distribution Company
GPP	Gaza Power Plant
ICA	Israeli Civil Administration
IDF	Israeli Defense Forces
IDP	Internally displaced person
IEC	Israel Electric Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IPE	Initiative for the Palestinian Economy
kg	Kilogram
km	Kilometer
kV	Kilovolt
m <sup>3</sup> /d	Cubic metres per day
MCM/y	Million cubic metres per year
MW	Megawatt
MoEHE	Ministry of Education and Higher Education
MoH	Ministry of Health
NGEST	Northern Gaza Emergency Sewage Treatment Plant
NM	Nautical mile

NIS	New Israeli Shekel
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the High Commissioner for Human Rights
oPt	Occupied Palestinian territory
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PLO	Palestine Liberation Organization
PMA	Palestine Monetary Authority
PNDP	Palestinian National Development Plan
PWA	Palestinian Water Authority
SRP	Strategic Response Plan
STLV	Short-term low-volume
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	Office of the Special Coordinator for the Middle East Peace Process
US	United States
WFP	World Food Programme
WHO	World Health Organization

## Executive Summary

The reporting period was characterized by heightened violence that took place against a backdrop of growing concern that the current negative trends on the ground – including, *inter alia*, ongoing settlement and related activity, incitement to violence, and the absence of genuine Palestinian unity – are imperiling the viability of a two-state solution. The international community led by the Middle East Quartet, continued its efforts to establish an environment conducive to a return to meaningful negotiations to end the conflict. At the operational level, initiatives were led by the Israeli and Palestinian finance ministers to explore ways to revive the Palestinian economy and improve the day-to-day lives of Palestinians, and by Israeli and Palestinian officials on Palestinian security control over Area A. Progress towards peace was slowed, on the Israeli side, *inter alia* by continued settlement activity, and declaration of land in the West Bank as State Land. On the Palestinian side, despite continuing national reconciliation discussions held in February and March in Qatar, Palestinian factions have been unable to reach consensus on achieving genuine Palestinian unity, on the basis of non-violence, democracy and the PLO Principles.

A protracted humanitarian crisis prevails in the occupied Palestinian territory. Some 1.1 million people in the West Bank and some 1.3 million people in Gaza, over 900,000 of them refugees, need some form of humanitarian assistance in 2016. In the West Bank increased restrictions on movement, particularly stringent in Hebron and East Jerusalem at the height of the recent violence, disrupted livelihoods and service delivery, worsening the humanitarian crisis. In Gaza the negative effects of the closure was exacerbated by the inability of the Government of National Consensus (GNC) to take up its full governance responsibility, adding further stresses to an already-vulnerable population. Nineteen months after the ceasefire, some 75,000 people remained displaced waiting for the reconstruction of their homes. Despite some relaxation by Israeli authorities on movement of goods and people in and out of Gaza, a range of measures continue to make it difficult for Palestinians in Gaza, including those in need of medical treatment, to travel out of the Strip.

The human rights situation deteriorated in the reporting period with a rise in clashes between Palestinians and the Israeli Security Forces, increased instances of punitive measures against families of alleged perpetrators of attacks and the ongoing practice of administrative detentions. The United Nations calls for the calibrated use of force, clear rules of engagement for security forces in line with international law and standards, and robust systems of accountability and redress.

Demolitions of Palestinian homes and livelihood structures more than doubled in the reporting period as compared with the previous six months. This included punitive demolitions of the family homes of perpetrators of attacks against Israelis and a manifold increase in demolition of donor-funded structures. The United Nations repeatedly called for an immediate freeze on such practices. Total demolitions by mid-April already exceeded the total recorded in all of 2015.

A number of key development indicators are cause for concern. Severely limited Palestinian access to land and natural resources in Area C continues to constrain economic development and hinder private

investment. No new outline plan in Area C has been approved in the reporting period. The unemployment situation remains dire. High unemployment rates and a lack of a political horizon, particularly in Gaza, risks fueling radicalization of youth and creating an even more unstable situation. The current rate and pattern of growth will not create sufficient jobs for Palestine's growing labour force. Employment generation needs to be mainstreamed in the Palestine Government's new National Policy Agenda and sectoral strategies. Israel needs to ease the physical, material and political constraints to employment generation, *inter alia* by easing movement and access restrictions and further enabling trade by Palestine, especially from Gaza.

Steady progress has been made on the reconstruction of Gaza. More than 90 per cent of health and education facilities damaged or destroyed during the conflict in 2014 have been repaired. Repair of the water infrastructure and housing repairs has also seen progress, whereas housing reconstruction – where the hostilities rendered houses uninhabitable - has been slower. Structural barriers however continue to impede recovery. Investment in the recovery of the productive sectors has also lagged. Funding shortfalls are delaying reconstruction; donors need to disburse Cairo pledges and allocate new funds to enable Gaza's reconstruction and recovery to continue at pace.

The GRM has enabled a significant increase in the entry of construction material to Gaza, but only a lifting of the closures and reuniting Gaza and the West Bank under a single, legitimate Palestinian Authority, will allow the people in Gaza to fully rebuild their lives and livelihoods. In the short term, it is critical that the dual-use list be reviewed and revised.

The chronic shortages of energy and water in Gaza are particularly urgent. Gaza's coastal aquifer will become saline this year and contamination has rendered Gaza's groundwater unusable. Gaza's water crisis cannot be solved without tackling the energy crisis. Until natural gas can be delivered to Gaza's power plant, additional energy needs to be imported from Israel. This requires a high voltage (e.g. 161kv) line. There is also a need for an immediate, substantial increase of fresh water supply from Israel, until long term solutions, such as the full construction and operation of desalination plants, can be implemented.

## I. Introduction

1. This report provides an update on changes on the ground in the occupied Palestinian territory (oPt) since the last meeting of the Ad Hoc Liaison Committee (AHLC) on 30 September 2015. The report covers the period 1 October 2015 to 31 March 2016 and outlines key issues and concerns from the perspective of the United Nations.
2. The report begins by providing an overview of the current political context. It then provides an update on protection and human rights concerns, state-building priorities and key development trends which the United Nations believes need to be tracked by the AHLC in order to ensure that development contributes to, rather than hinders peace and stability. The report closes with an update on the reconstruction effort in Gaza including on the Gaza Reconstruction Mechanism.

## II. Political Context

3. *The reporting period saw a dramatic increase in violence beginning in October 2015 that has killed 30 Israelis and 200 Palestinians – with many of the Palestinians killed while carrying out or reportedly carrying out knife, gun or car-ramming attacks. The acts of terror and the heightened violence took place against a backdrop of growing concern that the current negative trends on the ground – including, *inter alia*, incitement to violence, ongoing settlement activity, and the absence of genuine Palestinian unity – are imperiling the viability of a two-state solution.*
4. *The international community has increased efforts to preserve the two-state solution and create conditions for a return to meaningful negotiations to end the occupation and resolve the conflict. The Middle East Quartet<sup>1</sup> Principals met on 23 October 2015 in Vienna and on 12 February 2016 in Munich to discuss a pathway forward. In Munich, the Quartet reaffirmed, *inter alia*, that both sides must take significant steps - consistent with the transition contemplated by prior agreements in order to strengthen Palestinian institutional, security and economic prospects, while respecting Israeli security needs in order to stabilize the situation and to reverse negative trends on the ground.*
5. *To this end, the Middle East Quartet decided to prepare a report on the situation on the ground, including recommendations that can help inform international discussions on the best way to advance the two-state solution. In January, France announced an initiative – intended to be complementary to the Quartet’s activities – aimed at re-initiating a negotiation process between Israel and Palestine through an international conference to be held by summer 2016, with a preliminary ministerial meeting in spring 2016. Palestinian President Abbas welcomed the Quartet initiative and the proposals by France while continuing his efforts to advance Palestinian objectives through international fora, including by seeking a UN Security Council resolution on Israeli settlements and calls to the United Nations to provide an “international protection regime” for the Palestinian people.*

6. *Absent a return to negotiations, the parties, led by Israeli and Palestinian Finance Ministers respectively, have successfully undertaken efforts, where possible, to help boost the Palestinian economy, including by easing the financial strain on the Palestinian Authority through the release of customs and tax revenue and the issuance of thousands of additional work permits in Israel for West Bank Palestinians.*
7. *Senior Israeli and Palestinian officials have also held talks on Palestinian security control over Area A. Absent progress in the talks, Palestinian representatives have threatened implementing the March 2015 decision of the Palestine Liberation Organization (PLO) Central Council to suspend all forms of security coordination with Israel.*
8. *Despite international efforts, a number of factors continued to prevent progress towards peace. For one, Israel's settlement enterprise continues to be an impediment to overcoming the current impasse and undermines establishment of a political horizon. While 2015 may have seen a slower overall pace for settlement planning and tendering, construction starts remained steady as Israel continues to push forward with consolidation of its control of the West Bank. Several moves since the beginning of the year - such as the classification of new "state land" in the Jordan Valley, the approval of several plans in settlements and a surge in demolitions of Palestinian structures in Area C - also appear to point towards an increase in settlement activities.*
9. *Despite continuing reconciliation discussions held in February and March between Fatah, Hamas and other Palestinian factions in Qatar, Palestinian factions have been unable to reach consensus on achieving genuine Palestinian unity on the basis of non-violence, democracy and the PLO Principles – a crucial element for reuniting the West Bank and Gaza under a single, democratic and legitimate Palestinian authority. The formation of a National Unity Government and the holding of elections are vital to laying the foundations of a future Palestinian state. Meanwhile, the Palestinian Government, continued to face challenges in taking up its rightful responsibilities and addressing the serious political, security, humanitarian and economic challenges in Gaza including resumption of control over the crossings to Israel and Egypt, the holding of long overdue elections, and addressing the outstanding issue of public sector employees in Gaza.*

### **III. Protection and Humanitarian Needs**

10. *The humanitarian situation in oPt is characterized by a protracted protection crisis driven by the occupation now approaching its 50<sup>th</sup> year, inadequate respect for international law and weak accountability for violations. A total of 1.1 million people are projected to need some form of humanitarian assistance in the West Bank in 2016. 580,000 of these people require food and livelihoods assistance. A total of 1.3 million people are projected to need some form of humanitarian assistance in Gaza in 2016, including over 900,000 refugees.*



11. *Heightened tensions during September 2015 in the Old City of Jerusalem, increased significantly in October and spread throughout the rest of oPt and Israel, characterized by frequent attacks on Israelis and confrontations with Israeli forces. In response to the violence, Israeli forces increased restrictions on movement and access of Palestinians. The Hebron Governorate and East Jerusalem have seen especially strong restrictions at the height of the violence, which have disrupted access to services and livelihoods.<sup>2</sup> Israel also approved a series of additional measures, including expediting punitive demolitions and revoking the East Jerusalem residency rights of Palestinian perpetrators of attacks.*
12. *In Area C and East Jerusalem, the planning and zoning regime applied by the Israeli authorities continued to make it virtually impossible for Palestinian residents to obtain building permits including for the most basic infrastructure, livelihood and residential structures, undermining access to essential services, including housing, water, health and education. Some 180 Area C communities remained unconnected to the water network. 117 West Bank communities - primarily in Area C - reported no regular health services in their community and 189 communities in Area C continue to lack a primary school.*
13. *The number of Palestinian homes and livelihood structures destroyed, dismantled or confiscated by the Israeli authorities for lack of building permits also increased sharply since the last AHLC meeting; 587 structures were demolished in the last six months as compared to 270 in the six months previous. February 2016 recorded the highest number of demolitions in a single month (237) since 2009. A significant proportion of these demolished structures were provided by various donors as relief in the wake of earlier demolition campaigns (161 such structures have been demolished since January 2016 as compared to 38 in the six months previous).<sup>3</sup> The demolition of homes in this period displaced 914 people including 445 children. The demolition and confiscation of livelihoods structures affected a further 2,566 people in the West Bank. The United Nations has repeatedly called for an immediate freeze on demolitions and greater respect for international law.*
14. *In the Gaza strip, the August 2014 ceasefire has largely held, but the population still bears the physical and psychological scars of the 2014 conflict (the third in six years) and eight years of closures. Almost 500,000 people were internally displaced at the height of the 2014 hostilities, living in UNRWA schools, government schools and informal shelters, and with host families. Following the ceasefire in August 2014, the majority of internally displaced persons (IDPs) left their emergency shelters or host families but approximately 75,000 people are still displaced, most of whom have moved multiple times. IDPs are living in a variety of shelter conditions, with almost a quarter living in the rubble of their damaged homes, and 87 percent of surveyed households incurring debt to purchase food, in addition to other negative coping mechanisms. The presence of explosive remnants of war (ERWs) continue to pose a serious threat to life, including impeding efforts of IDPs to return home and restricting access to farmland and public spaces, with children especially vulnerable when they play in conflict-affected areas; during the reporting period, 29 of the 128 identified sites with a high likelihood of aircraft bombs buried*

underneath were cleared to allow for safe reconstruction to begin. In 2015-2016 some one million tonnes of rubble were also cleared. Some 225,000 children in Gaza will be assisted in 2016 with protection and psychosocial support services.

15. *Between 1 October 2015 and 31 March 2016 a total of 55 rockets were fired from Gaza at Israel. Seventeen of these impacted Israel. No injuries were reported in these incidents. Israel conducted a total of 24 air strikes in Gaza, firing 34 missiles. A Palestinian militant and four Palestinians civilians (a woman and three children) were killed and five others were injured.*
16. *The intra- Palestinian divide and the limited authority exercised by the legitimate PA are also taking its toll on the provision of services in Gaza. Some 40,000 public sector employees have not received a full salary since summer 2014. High levels of poverty (39 per cent), unemployment (38 per cent, exceeding 50 per cent among youth) and food insecurity (57 per cent)<sup>4</sup> amplify the extent of humanitarian need, with over one million people in Gaza needing food and livelihoods support in 2016 (food assistance, vouchers, cash and agricultural inputs).*
17. *The 2016 UN Humanitarian Response Plan (HRP) for oPt will support one in three Palestinians with some form of humanitarian assistance over the coming year. Seventy-nine organizations are participating in the \$571 million 2016 plan, including 12 UN agencies, 36 international NGOs and 31 national NGOs. Over 65 per cent of the funding requirement is for Gaza.*
18. *The United Nations Country Team is also developing a Joint UN Strategy for Hebron that aims to integrate political, developmental and humanitarian efforts, in light of the increasingly tense situation in the governorate. The strategy is focused primarily on the needs and gaps identified by the Governorate of Hebron along three main axes: 1) human rights, protection and advocacy, 2) access to social services and 3) economic empowerment and livelihoods. The strategy will promote especially, rights to health, education, protection, housing and an adequate standard of living with a special focus on Area C and H2 area in Hebron, and the needs of women, youth and children.*

#### **IV. Human Rights**

19. *The human rights situation degenerated in the reporting period with the dramatic rise in clashes between Palestinians and the Israeli Security Forces (ISF) in the West Bank, including East Jerusalem, increased instances of punitive measures against families of perpetrators of attacks, and administrative detentions. In Gaza, the closures continued to restrict Gazans' rights to freedom of movement, and undermine their civil, political, economic, social and cultural rights.<sup>5</sup> In this volatile environment, the United Nations calls for the proportional use of force, the need for clear rules of engagement for security forces that are in line with international law and standards, and robust systems of accountability and redress, including prompt criminal investigation into allegations of unlawful killing.*

20. *The use of punitive measures by the Government of Israel against the families of Palestinian perpetrators is on the rise.* The United Nations considers punitive house demolitions a violation of the principle of individual criminal responsibility and amounting to collective punishment when it affects family members of alleged perpetrators of terror attacks. In the six-month reporting period, 30 Palestinian structures have been destroyed by the ISF following attacks against Israelis, displacing 188 Palestinians (including 90 children).<sup>6</sup> Since September 2015, Israel has also renewed its policy of revoking the residency status of Palestinians in East Jerusalem as a punitive measure.
21. *The use of indefinite or prolonged administrative detention of Palestinians in Israeli prisons also continues.* As of the end of 2015, 584 Palestinians were held without charges; the highest number since January 2009. After a four year pause, administrative detention of children also resumed during the reporting period with six children reportedly held in administrative detention at the end of 2015. In addition to administrative detention, instances of child detention on criminal charge also increased since October 2015 reaching 428 in December 2015. The Convention on the Rights of the Child, to which Israel is a State party, requires that arrest and detention of children must only be used as a measure of last resort and for the shortest appropriate period of time.
22. *In the West Bank, attacks on schools and protected personnel continued to impact children's access to education.* The United Nations documented 283 education-related incidents, including 96 cases of schools coming under fire during military-led operations and clashes, 46 attacks and threats of violence against students and teachers by Israeli security forces and settlers, and 62 instances of interference with education due to the closure of schools or arrest and detention of staff and students. Israel should adopt the 'Safe Schools Declaration', which promote adherence to the Guidelines for Protection Schools and Universities from Military Use during Armed Conflict.
23. *The human rights situation in Gaza, which is under the control of Hamas, remains fragile. There are regular, credible reports of arbitrary arrests, detention, torture and ill-treatment of detainees, as well as other violations of due process.* Between 1 October 2015 and the end of February 2016, the Palestinian Independent Commission for Human Rights (ICHR) registered 270 complaints of arbitrary detention and violations of due process guarantees, and 128 complaints relating to allegations of torture or ill-treatment in Gaza. The majority of allegations are against local police forces, but corrections officers and members of the internal security apparatus also stand accused. The West Bank faces similar issues, with 119 complaints of arbitrary detention and violations of due process guarantees and 66 relating to allegations of torture or ill-treatment as reported by the ICHR for the same period.

## V. Access and Movement

24. *Easing of access restrictions introduced by the Israeli authorities in the aftermath of the 2014*

*hostilities continued in the reporting period, as evidenced by the number of Palestinians permitted to exit Gaza via the Israeli-controlled Erez Crossing and exports and transfers of goods to Israel and the West Bank via Kerem Shalom.*

25. *Despite some relaxation by the Israeli authorities on movement of goods and people in and out of Gaza the situation is exacerbated by the almost continuous closure of the Rafah passenger crossing since October 2014, due to security reasons in the Sinai.* An average of 113 truckloads of goods exited Gaza per month in 2015, and 198 truckloads per month in the first quarter of 2016, as compared with 417 truckloads per month in 2006. The number of truckloads entering Gaza per month in 2015 (7,890) and the first quarter of 2016 (11,002), however, exceeded the monthly average for 2006 (6,285). The number of people crossing into Israel through Erez per month in 2015 (15,027) and the first quarter of 2016 (15,802) was higher than the 2006 levels (13,454) but well below the monthly average in earlier years.
26. *Recent new developments have further affected the ability of Gazans to leave the Strip.* These include restricting the duration of permits, difficulties in obtaining non-objection letters from Jordanian authorities, increased confiscation of permits and instances of lengthy delays, interrogations and detention of travelers including for medical referrals. It is essential to continue the easing of access restrictions for ordinary Gazans, especially for referral patients seeking treatment outside Gaza.
27. *Since July 2015, UN and INGO staff who are Palestinian citizens of Israel have been prohibited from accessing Gaza entirely, and only urgent cases of East Jerusalem residents are approved for entry.<sup>7</sup>* Prior to such restrictions, an average of 170 permit applications per year were submitted by UN agencies and INGOs for these two categories. Greater ease of movement for aid workers into and out of Gaza is essential for enabling humanitarian work to go on unimpeded. The operating space for organizations providing aid inside Gaza has also been under strain over recent months.

## **VI. State Building Priorities**

28. *Palestine continued to make progress on state-building during the reporting period, although fundamental challenges remain.* Initiatives were taken to strengthen local government, governance of Area C and the rule of law. Lack of progress on the formation of a Government of National Consensus however, continued to impair the consolidation of state-building gains and to extract a humanitarian toll on the people of Gaza.
29. *The Prime Minister's Office is leading the preparation of a National Planning Agenda (NPA) that will guide Palestine's development strategy for the next six years.* The NPA differs from the earlier Palestinian National Development Plan in that it seeks to identify a relatively short number of policy priorities and link them strongly to a fiscal framework. Instead of a very large number of goals without adequate funds to support them, the sectoral strategies deriving from

the NPA will be costed at the outset. A strong monitoring and evaluation framework for these priorities is envisaged and the process has been highly inclusive and participatory so far. All of these measures augur well for the effectiveness of the plan and accountability for its implementation. The United Nations stands ready to support the GNC in the implementation of its policy goals through the United Nations Development Assistance Framework.

30. *The Government established a new inter-ministerial committee to guide the development agenda in Area C, including East Jerusalem.* An Area C Coordination Office is being set up to monitor implementation of all development and humanitarian interventions in these two areas.
31. *The provision of basic services that reach the most vulnerable remains a key element of state-building efforts* as one of the immediate links between citizen and the state. However, existing constraints, including the internal rift between Hamas and Fatah, are negatively affecting governance effectiveness and the ability of the state to provide full and uninterrupted basic services to all. Many basic needs of Palestinians continue to be unmet particularly in East Jerusalem, Area C and the Gaza Strip. The Government's lack of control over more than 60 per cent of the West Bank and its resources, the effect of the Gaza closures, and increased restrictions imposed by the Israeli authorities mainly on freedom of movement and the ability to bring-in the needed experts, supplies, materials and equipment, remain major impediments to service-delivery.
32. *A cash transfer programme and food assistance programme continued to be the mainstay of the Palestinian social safety net.* During the reporting period, more than 195,000 people were assisted by the Government with food and cash-based transfers under the food assistance programme in the West Bank and Gaza. The Ministry of Social Affairs supported 120,000 poor families (600,000 people) in West Bank and Gaza with cash assistance. Funded by the Ministry of Finance with the support of donors<sup>8</sup> and administered by the Ministry of Social Affairs, around NIS140 million was distributed to poor families on a quarterly basis.
33. *The first-ever social security law for private sector workers and their family members was endorsed by the Palestinian Cabinet on 15 February 2016 and signed by President Abbas on March 9 2016.* A Presidential Decree will soon be issued on the formal establishment of the Social Security Institution and its board of Directors and will be published in the Gazette.
34. *Recent progress in introducing amendments to Local Authorities laws and the passing of a new by-law for Joint Service Councils in early 2016 is a positive step towards improving service delivery by local Government.* This will ultimately enable potential investors to more easily register businesses, enforce contracts, and access loans. Continuing the land registration process is also critical to facilitating private sector development and once completed would have a significant impact on the development of all areas, including large tracts lying in Area C of the West Bank.

35. *The Ministry of Local Government continued to develop national spatial planning as well as at the city-region and municipal levels.* At the city-region level, spatial plans have been developed in Qalqiliya, Tubas and Bethlehem. At the community level in Area C, villages have participated in the preparation of spatial plans and built conflict-resolution mechanisms in order to resolve internal disagreements and conflicts. In Gaza, the Khuza'a municipality has been supported in a pilot project for participatory spatial planning to foster dialogue on community priorities for reconstruction and recovery from the recurrent conflicts.
36. *The Palestine Central Bureau of Statistics (PCBS) took important steps to strengthen data collection and analysis, critical to effective policymaking.* Preparations for a population census (2017) were launched even though it has not been fully funded. PCBS is also starting the process of refining the national indicators for tracking the new sustainable development goals. The indicators will be linked to the national statistical monitoring system. These initiatives need greater donor support.
37. *Civil service reform is urgently required to reduce the fiscal burden and ensure continuity of basic services in Gaza and other government functions.* The non-payment of civil servants remains a serious concern: it is undermining the very existence of a unified governance framework across the oPt, as well as the delivery of public services in Gaza, placing an unnecessary financial burden on the GNC's core budget, and raising tensions between different groups. The United Nations continues to call upon all key parties to take the necessary steps towards civil service reform.
38. *During the reporting period several initiatives were taken to strengthen the rule of law.* Key impediments include a complex patchwork of legal frameworks,<sup>9</sup> uneven institutional capacity and limited mechanisms of accountability. In the reporting period, the United Nations provided support to justice and security institutions in planning, women's rights, legislative drafting and information technology. Gender and juvenile justice considerations were integrated in the 2016 annual work plan of the Ministry of Justice for the first time. The High Judicial Council was supported to enhance access to justice and reduce congestion. The Council of Ministers was supported in reviewing a number of laws, including the draft Family Protection Law. Juvenile justice frameworks are being implemented following the passage of the Juvenile Protection Law, although further efforts are needed to ensure full compliance with international standards.
39. *Notwithstanding these initiatives, delivery of justice and law enforcement services in Gaza remained a major challenge.* The failure to reach agreement on a roadmap for reintegration continues to undermine efforts to forge a unified and independent judicial authority. In addition, several barriers continue to affect the ability of citizens to access gender-responsive justice and security services. These include fragmented legal and organizational frameworks, inadequate coordination among institutions and between institutions and civil society, the absence of specialised courts, the slow speed of judicial decision-making, poor judgement-enforcement, capacity deficits, and entrenched legal and social discrimination against women.

Given the high level of domestic violence the Palestinian Government needs to fully implement its commitment to address women and girls' vulnerability to multifaceted forms of violence.

40. *During the reporting period the United Nations assisted the Government of Palestine in preparing reports on the human rights situation in Palestine for submission to UN treaty bodies as required under the seven human rights treaties ratified by the Government in 2014. These reports, the first three of which are nearing completion, provide an important baseline for measuring both human rights and development progress in the years ahead. These treaty obligations include fulfilling rights to education, health, food, water and work for all Palestinians.*
41. *The State of Palestine became the 197<sup>th</sup> member of the United Nations Framework on Climate Change Convention on 17 March 2016 having deposited its instrument of accession to the Convention on 18 December 2015. Prior to this it had observer status at the Convention.<sup>10</sup> During the reporting period, the Government of Palestine conducted a capacity assessment for six ministries and authorities to mainstream climate change, adapt to, and mitigate its impact. The Government also finalized a draft institutional framework for disaster risk management, placing the State of Palestine among the first countries to have translated their commitment to implement the 2015 Sendai framework into action.*

## **VII. Key Development Trends**

42. *A number of key development indicators continued to deteriorate. While many traditional development indicators put Palestine above a range of countries with comparable income levels, people's quality of life has been deteriorating across several dimensions. For instance, 33 per cent of Palestinians overall (and 57 per cent of Gazans) are now food insecure. High food prices and poverty rather than actual food shortages drive this food insecurity. Many parts of Gaza and the West Bank, especially Area C have limited supply of electricity even though around 95 per cent of Palestinians are on the grid. Most of Palestine is facing water shortages, with the crisis being particularly acute in Gaza. Certain key enablers and constraints will shape the development and ultimately even the political trajectory hereon.*
43. *Palestinian access to land resources remains restricted and hinders economic development and private investment in Area C. Economic development is further hindered by a restrictive planning regime. For instance, the construction of a solid waste recycling plant in Deir Sharaf (Area C) to the west of Nablus will not be possible without access to the land in that area, the ability to connect water pipes within Area C and securing the required road system, all of which necessitate the prior approvals of Israel. When constructed, this initiative is expected to bring important economic and environmental benefits including energy production and job creation for the wider northern West Bank. It is essential that the Israeli authorities ensure access to natural resources in Area C, including water, and to facilitate investment of large infrastructure projects.*

44. *Settlement activity continued to impair Palestine's development by fragmenting the contiguity of the West Bank and restricting Palestinian access to natural resources.* Roads, checkpoints and the Barrier divide the West Bank into isolated communities. In addition to the confiscation of land, the Palestinian economy suffers by its inability to access large sources of revenue, including from tourist attractions, quarries and mineral resources. During 2015 construction of 1800 new housing units in settlements were started. Tenders for 1143 new housing units divided equally between the West Bank and East Jerusalem were published.<sup>11</sup> In March 2016, Israel declared 2342 dunums (579 acres) of land south of Jericho as state land; the largest such declaration by Israel since August 2014.
45. *The approval process of outline plans in Area C has not moved substantially.* Despite undertakings at the last AHLC, there have been no additional approvals of outline plans, though two are reported to have advanced to a stage closer towards approval. Approximately 108 Palestinian, community-driven plans serving 116 communities have been developed; 85 plans are already submitted, 63 of which have exceeded more than 18 months of technical negotiations with the Israeli Civil Administration (ICA) and only three have been approved to date. Approval of the substantial backlog of plans by the ICA would represent a significant confidence building measure.
46. *Building rights in Palestinian areas of East Jerusalem are limited as well, often not exceeding 50-70 per cent of plot area.* In comparison 75-120 per cent building rights are allowed in Israeli neighbourhoods. With a growing population, many Palestinian neighbourhoods in East Jerusalem suffer from congestion, poor public services and deteriorating housing. There are several Palestinian community-led initiatives to develop neighborhood plans that secure building and development rights, freeze demolition orders, and enable the formalization of homes built without permits. There is a need to support these initiatives and accelerate the authorization of these plans.
47. *The unemployment situation remained dire, despite some signs of easing in Gaza.* While the unemployment rate rose in the West Bank in the second half of 2015, it declined in Gaza in the final quarter of 2015. For the first time in two years, the unemployment rate in Gaza fell below 40 per cent in the fourth quarter of 2015 with significant declines in youth unemployment. The latter still remains alarmingly high at over 50 per cent. Further, these gains were driven largely by the creation of 9000 temporary jobs in the construction sector. In the midst of these high unemployment rates, child labour has risen in Gaza with children in many circumstances being the breadwinners for their families.<sup>12</sup> Labour force participation rates continued to be much lower for women (19.1 per cent) than men (72.5 per cent) whilst unemployment rates were much higher (39.7 per cent as compared with 22.3 per cent respectively). Employment generation needs to remain high on the national priority agenda and in sectoral strategies. Israel needs to ease the physical, material and political constraints to employment generation, *inter alia* by easing movement and access restrictions and enabling trade by Palestine, especially from Gaza.



48. *Youth continue to be both a high-risk and high-potential demographic group.* A recent survey revealed that 69.4 per cent of Palestine's population is below 30 years of age, with 15-29 year olds accounting for 30 per cent of the population. In the presence of high productivity and high employment rates, this would create a massive demographic dividend over the next 30 years. The lack of productive employment opportunities in Palestine not only keep this dividend from being realized, the high unemployment rates have resulted in ongoing frustration, loss of hope and increasing radicalization of youth. The vast majority of these youth are educated with a greater proportion of women being in school and completing higher education than men. The launch of a National Youth Strategy process by the Higher Council on Youth and Sports is a critical initiative that deserves widespread support.
49. *Trade, an important driver of growth, is particularly important for Palestine.* Exports are essential if the productive sectors of Gaza and the West Bank are to grow, while imports are crucial for the average Palestinian to access a range of essential consumer and producer goods. For Palestine trade is also an indicator of the degree of access it has to the rest of the world including Israel. In the second half of 2015 Palestine's exports declined marginally compared to the first half, driven by a 2.4 per cent decline in exports to Israel. Imports increased by about 6 per cent driven by a 3 per cent increase in imports from Israel. This resulted in a 7.6 per cent higher trade deficit in the second half of the year over the first half. The trade deficit with Israel remained around 50 percent of the total. The Governments of Israel and Palestine have enabling roles to play in facilitating trade, in particular in enhancing exports from Gaza. The Government of Israel needs to ease both physical and administrative restrictions on trade from West Bank and Gaza. Enabling imports of goods, particularly those that feed into the productive sectors will go a long way in easing constraints to development; for example, the recent ban on the sale of meat and dairy products by six Palestinian food companies in East Jerusalem is of real concern.<sup>13</sup>
50. *Challenges to the transfer and export process* have included delays in the PA issuing VAT invoices to Gazan suppliers, under-utilization of the Dutch-funded scanner at Kerem Shalom, lack of shaded areas to protect heat-sensitive goods from perishing and the dual-use list which includes raw materials that are required by the manufacturing sector to produce finished goods. The container scanner bought to match Israeli security requirements has been operational at Kerem Shalom since Dec 2013. A second scanner will be operational by April 2016 however a ban on containers entering or leaving Gaza remains in place. A trial for UN agencies to import containers was announced in May 2015 but has not been implemented yet. The use of containers for import has the potential to reduce the cost of imports and to increase efficiencies for exports and transfers.
51. *Multi-year finance to the GNC is critical to ensure its fiscal viability and enable it to deliver on its obligations to the most deprived segments of Palestine's population.* Despite improved fiscal performance on both the revenue and expenditure side, the PA's finances remain precarious. A further fall in donor support at this time will not only jeopardize the viability of the PA but also worsen the increasingly embattled living standards of the most vulnerable Palestinians.

Continued and predictable donor support is essential to enable the PA to make longer-term administrative, legal and fiscal reforms, facilitate long-term investments in critical infrastructure and service delivery systems, and mitigate the need to resort to less sustainable and more costly short-term solutions to address budget gaps. Timely and comprehensive reporting by donors funding projects through implementing agencies is also essential to provide an improved understanding of the flow of funds for humanitarian and development activities and thus enable improved planning of expenditure.

52. *Full implementation of the Paris Protocol is essential*, including a sustainable solution on tax collection which will help ensure predictable and unconditional transfer of tax revenues and offer transparency in relation to deductions made for monies owed by the Palestinian Government. Greater cooperation between Israel and Palestine in collecting, transferring and accounting of revenues, audit of the electricity sector claims of the Israel Electric Corporation,<sup>14</sup> enabling easier movement of goods, and rationalizing the dual use list, are all essential going forward. The ongoing discussions between the finance ministers of Israel and Palestine on strategic issues are very welcome. Operationalizing the Joint Liaison Committee will enable closer economic cooperation between Palestine and Israel at the technical level and on an ongoing basis.
53. High levels of inequality between the living standards of the average Israeli and the average Palestinian will ultimately hinder the peace process. In 2015 Israel ranked 18th in the Human Development Index (HDI) while Palestine ranked 113th. Israel's per capita income at \$30,676 was more than six times that of Palestine (\$4,699). Its life expectancy at birth was nearly 10 years more. A child in Israel can expect to have three more years of schooling than a child in Palestine. These levels of inequality are likely to pose political challenges in efforts to greater openness between the Israeli and Palestinian labour markets and more.

## **VIII. Gaza Reconstruction and Recovery**

54. *The institutional and operational environment in Gaza has not changed significantly since the last meeting of the AHLC. Steady progress has been made on reconstruction of damages incurred during the 2014 conflict, but important structural barriers continue to impede recovery in Gaza.* More than 90 per cent per cent of health and education facilities damaged or destroyed during the conflict in July 2014 have now been repaired. Only one health facility – the completely destroyed Al-Wafa hospital – is yet to be rebuilt. This is due to a lack of funding. Of 259 damaged or destroyed schools, only six are still to be reconstructed, but funding has been secured and tendering begun. Repair of the water infrastructure has also seen significant progress, with repair of all damaged water wells, water networks, desalination units, waste water treatment plants and wastewater networks either completed or ongoing.
55. *Good progress has been made on housing repairs, while housing reconstruction has been slower.* In total, 171,000 homes were damaged or destroyed during 2014; 17,800 totally destroyed or

severely damaged houses and 153,200 units with varying degrees of damage but which remained inhabitable. Of these latter 153,200 units, 45 per cent of households have received assistance to finalize repairs, while work is ongoing on another 7 per cent. For the 17,800 homes rendered uninhabitable, work has been completed on only 17 per cent and is ongoing on 20 per cent. Of these 17,800 homes, there is a current funding gap of close to 7,000 housing units. Uninhabitable housing displaced 18,000 families (approximately 100,000 people) in 2014 and some 14,800 of these families remain displaced. However, funding is not the only cause of delay - a commitment to ensuring a community-based approach to reconstruction and improvement of associated infrastructure and housing standards, complex documentation and legal requirements to establish titles and the coordination of many actors to approach neighbourhoods in an integrated fashion, are all affecting the time-table.

56. *Funding shortfalls for the reconstruction process are also evident in the productive sectors.* According to World Bank tracking only US\$15 million of the Cairo pledges has gone to financing the productive sector needs identified in the Detailed Needs Assessment and Recovery Framework for Gaza<sup>15</sup> – less than 2.5 per cent of the \$602 million needed to recover from the damages and losses incurred by this sector during the 2014 conflict. Donors need to disburse Cairo pledges and allocate new funds to enable Gaza’s reconstruction and recovery to continue.
57. *Investment in Gaza’s productive sector, particularly agriculture and manufacturing, is essential for reinvigorating the Gazan economy and creating jobs.* Meanwhile, the impact of the closures is especially visible in this sector.<sup>16</sup> Lack of access to raw materials and restrictions on exports hamper productivity. Gaza’s furniture industry could be reinvigorated and new jobs created, if access to raw material was further enabled, including by easing restrictions on wood. In addition, the agricultural sector would benefit greatly both in terms of productivity and employment, from increased export permits. The recent extension of the fishing zone to 9 nautical miles off the southern and central coastline of Gaza will bring some relief to Gaza’s beleaguered fishing industry.
58. *The UN continues to call for a full lifting of the closure within the framework of Security Council Resolution 1860 (2009).* In the meantime, the Gaza Reconstruction Mechanism serves as a temporary mechanism to enable import of otherwise restricted material, including for private individuals in Gaza who did not previously have access to external markets. As of the end of March, close to 101,000 households have purchased material through the GRM to repair houses damaged in the conflict, while 2,100 have purchased material to rebuild homes that were completely demolished. Unrelated to the 2014 conflict, some 8,000 households have purchased material to either build new houses or to finish construction of houses begun before the 2014 conflict. The GRM also facilitates access to material for larger projects, including schools, hospitals, roads, water infrastructure, private businesses, public service facilities as well as entire new residential areas. To date, 807 such projects have been introduced into the GRM, of which 89 have been completed, 390 are ongoing, and another 209 are fully cleared to begin. More than half (51 per cent) of these 807 projects are funded by the private sector. While

delays still occur, particularly for specific dual-use items, the approval time for construction projects in Gaza has been reduced from an average of 12 months in 2010-2014<sup>17</sup> to 37 days in the first quarter of 2016.

59. *The GRM has enabled a significant increase in the entry of construction material to Gaza, and contributed to an increase in the productivity and employment rate in the construction sector, but only a lifting of the closures will allow the people in Gaza to fully rebuild their lives and livelihoods.* In the short term, it is critical that the dual-use list be reviewed and revised. While the removal of aggregate from the list is welcome, other items have been added to the list in the meantime. These include uninterrupted power systems, plastic boards, castor oil, asbestos insulation, cranks and lifting equipment. The thickness of wood classified as dual use item was reduced from five centimeters to three centimeters and now to one centimeter. This expanded list hampers reconstruction, recovery and humanitarian efforts, while the lack of transparency on the list generally causes unnecessary delays.
60. *Reconstructing Gaza to pre-July 2014 standards cannot be the end goal. Even before the 2014 conflict, the closures and repeated armed conflicts prevented the development of a viable economy, infrastructure and social services to adequately serve the 1.8 million people in Gaza.* Gaza's 2014 unemployment rate was the highest in the world<sup>18</sup>, and while the unemployment rate slightly dropped from 43.9 per cent (2014) to 41 per cent (2015), this was largely due to an increase of 9,000 new jobs linked to the short term reconstruction. The young population of Gaza is at particular risk, as the education system is unable to keep up with population growth and youth unemployment exceeds 50 per cent. There is currently a shortage of 250 new schools needed to end the current double shift system, with an additional need of 20 new schools each year to keep pace with population growth.
61. *The chronic shortages of energy and water are particularly urgent.* Less than 45 per cent of Gaza's electricity needs are being met, resulting in rolling black outs of 12-16 hours each day. Insufficient power supply means that 70 per cent of Gaza's population only has piped water for 6-8 hours every 2-4 days. Residents of Gaza rely almost entirely on groundwater from its coastal aquifer. However, the coastal aquifer will become saline this year and intrusion from nitrates and other pollutants due to sewage contamination have made Gaza's groundwater unusable. There can be no solution to Gaza's water shortages without tackling the energy crisis. Until natural gas can be delivered to Gaza's power plant, there is a need to urgently move forward on the import of additional energy from Israel. This requires a high voltage (e.g. 161kv line), as outlined in UNSCO's report to the AHLC in September 2014. There is also a need for an immediate substantial increase of fresh water supply from Israel, until long term solutions, such as the full construction and operation of desalination plants, can be implemented.

\*\*\*

## Endnotes

---

<sup>1</sup> The Russian Federation, the United States, the European Union, and the United Nations

<sup>2</sup> Additional checkpoints set up in East Jerusalem in the first part of the reporting period were removed. In Hebron, while the number of temporary checkpoints were reduced, heightened restrictions on access and movement continued through other measures like flying checkpoints at the entry/exit to the Hebron Governorate, upgrading of some checkpoints making restrictions more severe, closing of/ restrictions on substitute roads.

<sup>3</sup> More internationally-funded structures have already been demolished in the first quarter of 2016 (139) than in all of 2015 (108).

<sup>4</sup> <http://www.pcbs.gov.ps/site/512/default.aspx?tabID=512&lang=en&ItemID=1135&mid=3172&wversion=Staging>  
<sup>5</sup> A/70/421, para. 29

<sup>6</sup> In several cases this year, apartments adjacent to those targeted have been also destroyed or severely damaged and their residents displaced.

<sup>7</sup> In July 2015, the Israeli Government revealed that two of its citizens had entered the Gaza Strip in two separate incidents since September 2014. According to the Israeli authorities both men, one of Ethiopian descent and the other a Bedouin, are civilians who suffer from psychological problems and expressed concern for their health. The Secretary-General called on all relevant Palestinian actors in Gaza to provide information as to the possible whereabouts and conditions of the missing Israelis and to take prompt action to facilitate their safe return to their families.

<sup>8</sup> 60 per cent of the cash transfer budget is provided by the Ministry of Finance, 37 per cent by EU and 3 per cent by the World Bank

<sup>9</sup> Ottoman laws, British mandate, Jordanian laws and those enacted by the Palestinian Legislative Council

<sup>10</sup> <http://newsroom.unfccc.int/unfccc-newsroom/state-of-palestine-joins-convention/>

<sup>11</sup> <http://peacenow.org.il/eng/2015Report>

<sup>12</sup> <http://uk.reuters.com/article/uk-palestinians-gaza-child-labour-idUKKCN0WW0ZD>

<sup>13</sup> Israel has claimed that the withdrawal of permit was under the Animal Illness Ordinance, 1985, which requires all animal products to meet Israeli required veterinary standards. It has been reported that none of the six producers actually failed to pass Israeli inspection for health standards. One bottleneck is with respect to filling out forms as required by Israel from third party exporters.

<sup>14</sup> As at end-2015 debt to the Israel Electricity Corporation amounted to NIS 1.7 billion, of which NIS 1.3 billion is owed to the Jerusalem District Electricity Company (JDECO). The PA disputes responsibility for this portion of the debt since the JDECO is majority privately owned (IMF 2016).

<sup>15</sup> <http://www.worldbank.org/en/programs/rebuilding-gaza-donor-pledges>

<sup>16</sup> This is despite the fact that the export exemptions for agriculture associated with the Shmita year continue to be remain, thus enabling greater export of agricultural products than would have been possible otherwise.

<sup>17</sup> [http://www.ochaopt.org/documents/ocha\\_opt\\_the\\_humanitarian\\_monitor\\_2014\\_06\\_24\\_english.pdf](http://www.ochaopt.org/documents/ocha_opt_the_humanitarian_monitor_2014_06_24_english.pdf)

<sup>18</sup> <http://www.worldbank.org/en/news/press-release/2015/05/21/gaza-economy-on-the-verge-of-collapse>