



United Nations

Revised Emergency Appeal

31 May, 2006

Consolidated Appeals Process (CAP)

occupied Palestinian
territory 2006



CONTEXT ANALYSIS AND HUMANITARIAN RESPONSE

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Executive Summary

The humanitarian outlook for the occupied Palestinian territory (oPt) looks extremely bleak and is predicted to worsen dramatically in the coming months. Faced with this situation, the United Nations and select non-governmental organisations have taken the unprecedented step of revising their appeal for humanitarian assistance to Palestinians from \$215 million to \$385 million.

This revised emergency Appeal is aimed at helping the most needy – particularly children who make up half the Palestinian population. There is a need to extend basic health needs, depleted medical supplies, an increase food relief and create temporary jobs that are urgently needed.

It cannot – nor does it aim to – replace the comprehensive range of services provided by the Palestinian Authority (PA). Humanitarian assistance can plug some of the gaps as they emerge to help support a continuation of services. It can cushion and slow a deepening of the humanitarian crisis, but it cannot prevent it.

This emergency revision is in response to the impact of the fiscal crisis facing the PA and its negative effect on the population. Following the Hamas victory in the Palestinian Legislative Council (PLC) elections in January, Israel halted the transfer of Palestinian Value Added Tax (VAT) and customs taxes it is obligated to pass over which comprise around half of the PA monthly budget.

Western donor funding was also suspended to the new PA pending its agreement to Quartet principles relating to non-violence, the recognition of Israel and an acceptance of previous agreements. In addition, the banking sector, fearful of litigation, has effectively frozen PA and some private sector accounts.

PA revenues have dropped by 75% compared with 2005 and salaries to over 152,000 PA employees have not been paid since March. These civil service wages directly support another one million people, or more than 25% of the Palestinian population. Survey data indicates that after only two months of going without salaries, PA employees have grown poorer more quickly than the general population.

GDP is estimated to fall by 27% by the end of 2006 and poverty predicted to rise sharply. Around 70% of Gaza's potential workforce, for example, will either be out of work or go without pay – made up of the 40% currently unemployed, the loss of PA salaries and further job cuts through the contraction of the economy and the loss of work in Israel.

The lack of salaries and essential supplies will undermine the delivery of key services that served the bulk of the Palestinian population. The PA operates 62% of primary health clinics, all the major general hospitals, 75% of primary and secondary schools and provides social and relief services to 45,000 families who are chronically unable to support themselves.

Israeli-Palestinian violence continues with a mounting death toll on both sides. A combination of power struggles within and between security services compounded by the non-payment of security sector salaries is leading to an increase in internal insecurity, civil disorder and factional violence. A rise in criminality and lawlessness will further undermine private investment and could jeopardise aid deliveries.

The fiscal crisis comes hard on the heels of tighter restrictions on Palestinian movement – that Israel notes are needed to protect its citizens against militant attacks – which have further fragmented the oPt and hampered economic growth. UN attempts to deliver humanitarian assistance have also been interrupted.

Palestinians and their goods are no longer able to move freely within the West Bank and are banned from entering many areas such as the Jordan Valley. Imports into Gaza from Israel are functioning at minimal levels and exports in the past two months have dropped to just six trucks a day.¹

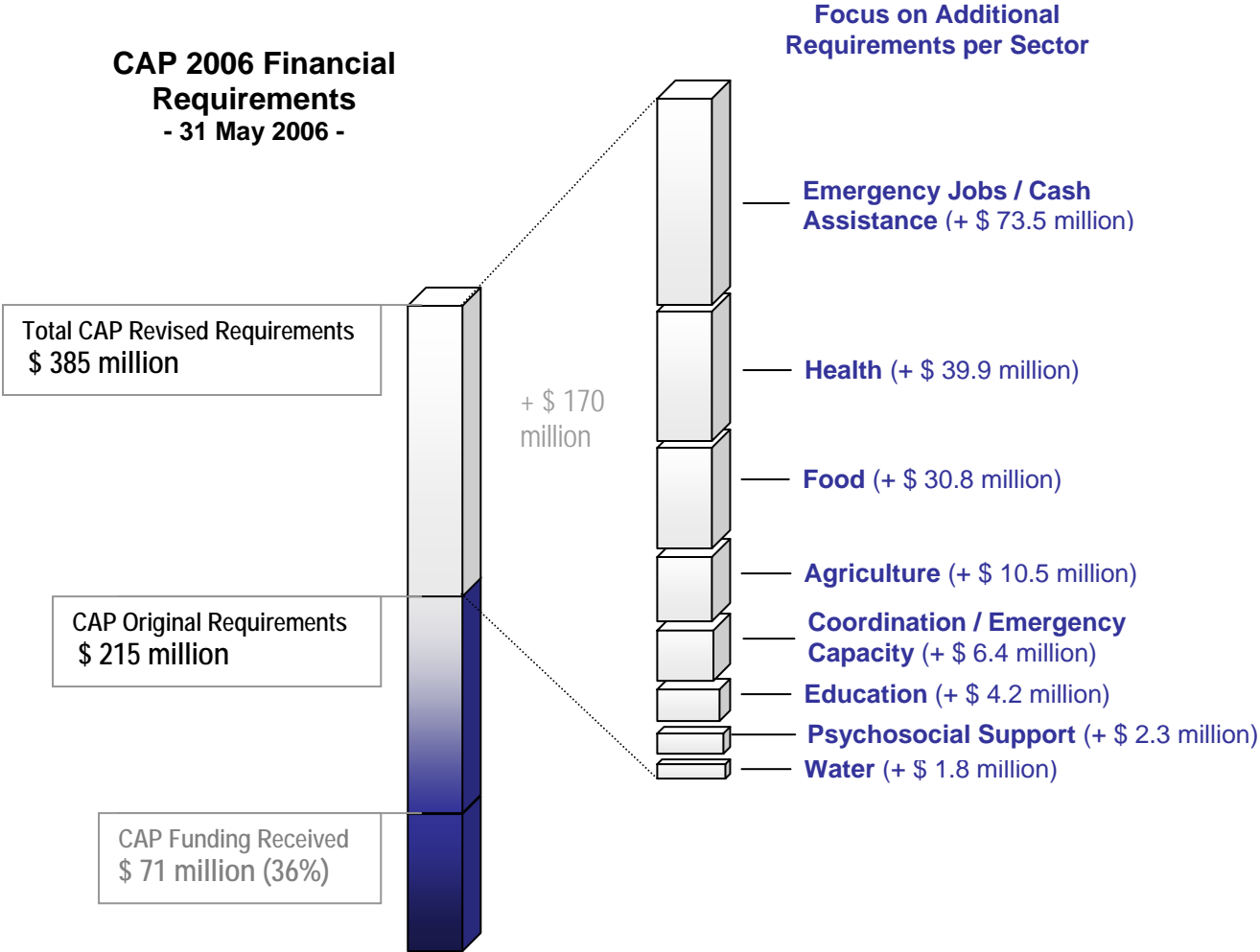
In late 2005 when the UN's Appeal for 2006 was launched requesting \$215 million, the outlook appeared more positive. To date, \$71 million of that Appeal has been funded, or only about 36% of the

¹ Between 1 April – 29 May 2006 according to PalTrade.

total requested. This revised Appeal, builds further on the original key elements. It is founded on a coordinated approach by participating organisations and Palestinian counterparts to ensure the successful targeting and reaching of Palestinian people most in need.

Although UN agencies are appealing for funds, it is recognised that under the Fourth Geneva Convention, Israel as the occupying power, bears the legal responsibility for the welfare of the Palestinian population. The Quartet noted in May 2006 that the "PA must fulfill its responsibilities with respect to basic human needs ... and provision of services". Over the past decade, the PA has fulfilled this role with the assistance of the international community. However, should the PA be unable to provide basic services to the Palestinian population, it could result in a renewed emphasis on Israel's legal responsibilities.

Most of the new funding being sought is in the sectors of temporary jobs and cash assistance to the most vulnerable, medical supplies to PA institutions and food to the growing 'most at-risk' groups identified by UNRWA and WFP. It will alleviate some of the worst effects of the deepening humanitarian crisis, but a lasting solution lies in a fully functioning PA and the easing of movement restrictions on Palestinians.



1. Changes in the Context and the Humanitarian Consequences

This revision to the Consolidated Appeal of 2006 is a consequence of the dramatic downturn in the humanitarian situation in the first half of 2006, and the expectation that this downturn is likely to be sustained for the remainder of the year. At the end of 2005 the prospects were more upbeat. A 'period of calm' was announced in February by Palestinian militants. Israel had withdrawn settlers and military infrastructure from within the Gaza Strip and parts of the northern West Bank in September. And the appointment of James Wolfensohn as Quartet Envoy for Disengagement had injected further economic impetus into the stagnating Palestinian economy. Although these initiatives had yet to bear fruit in terms of improvements on the ground, the forecast appeared positive and the 2006 Consolidated Appeal Process (CAP) was drafted with a more transitional and rehabilitative focus.

The downturn in the humanitarian situation has been prompted by the following key political, security and economic developments:

- The victory of the Hamas party in the PLC elections held in January 2006 resulted in the forming of a new government.²
- An intensification of Israeli security and other access measures in the oPt since late 2005 making life for Palestinians significantly more difficult. Israel has stated that these tightened restrictions are implemented to protect its citizens from Palestinian militant attacks.
- The Government of Israel (GoI) refusal to pass on to the PA VAT and customs taxes worth roughly \$60m per month, in contravention of the 1994 Paris Protocol.³
- The suspension of support to the PA by western donors, pending the PA's commitment to the principles of non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap, which were laid down by the Quartet, consisting of the European Union, UN, Russia and the United States, on 30 January.⁴ A fiscal crisis in the Palestinian Authority (PA) ensued. This not only jeopardises access to essential services and PA salaries, but also undermines the investment of over \$7 billion in aid to the PA since the Oslo Accords in 1993.
- A banking crisis ensued triggered by banks' fear of litigation, effectively freezing PA accounts and resulting in a severe limitation of financial transactions involving both the PA and the private sector. The PA is operating at roughly 25% of its regular budget.
- A rise in tensions between Fatah and Hamas, as well other factions, particularly following the deployment of a Hamas-dominated 3000-strong armed force.

The UN, concerned about the humanitarian risks posed by the worsening of the situation, released a report in April outlining the potential impacts of the shift in Israel's and Western donors' policies towards the oPt, many of which are now being realised.⁵ UN agencies have been evaluating additional humanitarian needs and have clearly stated that while it is possible to upscale humanitarian operations, neither they nor NGOs have the capacity or mandates to substitute for PA services.

² On January 25 2006, Palestinian legislative elections were held for the first time since 1996. The Hamas list, under the name Change and Reform, won 74 of the 132 seats in the PLC. The new legislative council met for the first time on 18 February and the new government took office on 28 March.

³ Transfers from Israel amount to approximately \$60 million per month and make up roughly 50% of PA revenues, while foreign aid and local revenues provide the two main other sources.

⁴ On that date, the Quartet indicated that it was inevitable that future assistance to any new [Palestinian] government would be reviewed by donors against that government's commitment to these principles. Certain programs under the jurisdiction of the Presidency, however, continued to receive funding from these sources.

⁵ UN, *Assessment of the future humanitarian risks in the occupied Palestinian territory*, 11 April 2006.



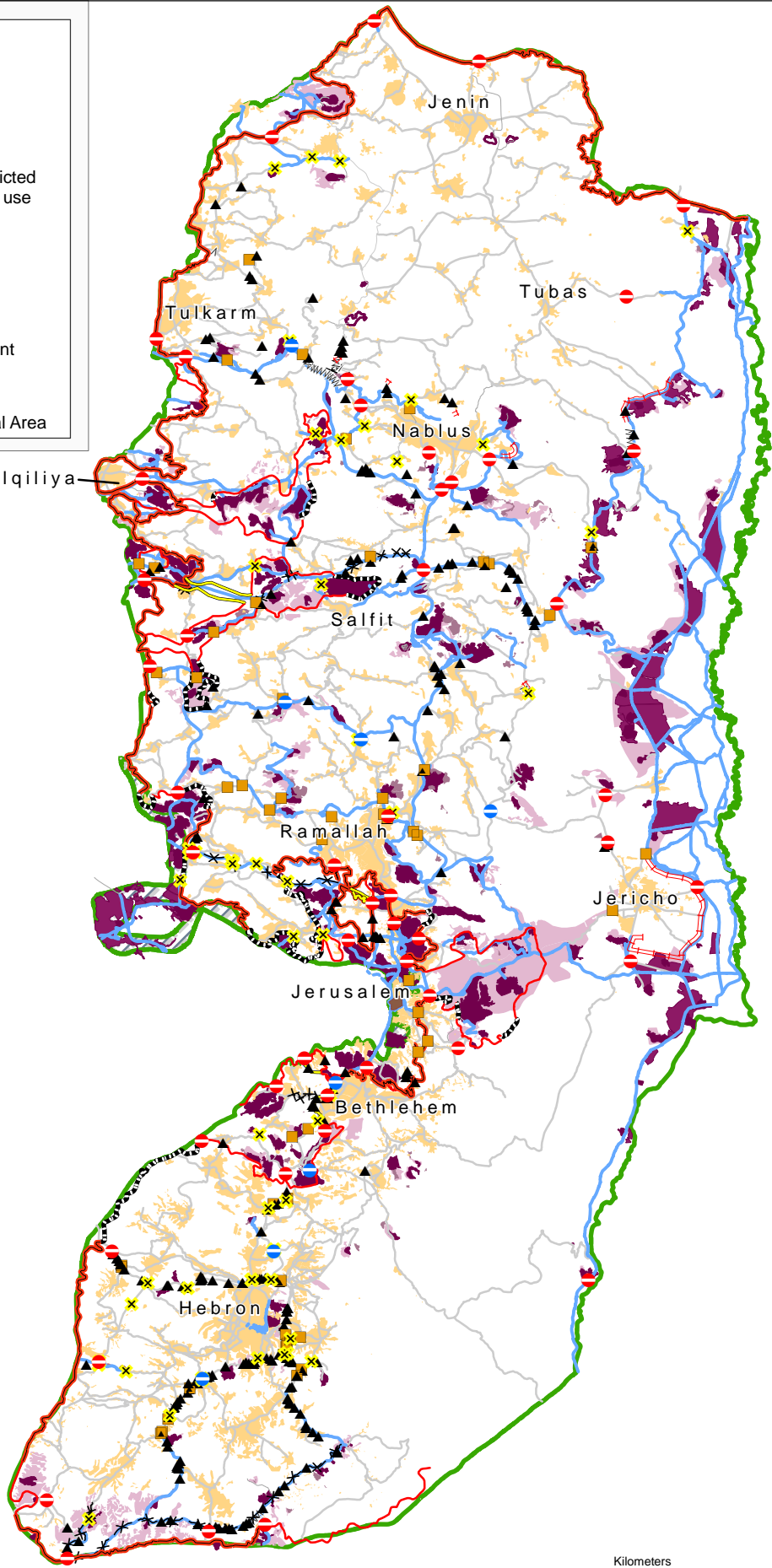
West Bank Closure and Access

CAP 2006 - Revised Emergency Appeal

Closures	West Bank Barrier
Checkpoint	Constructed
Partial Checkpoint	Under Construction
Road Gate	Planned Route
Earthmound	Roads
Roadblock	Prohibited or Restricted Palestinian vehicle use
Earth Wall	Regional or Main
Road Protection Fence	Other Road
Trench	Israeli Settlements
Palestinian Areas	Settlement
Builtup	Evacuated Settlement
	Outpost
	Settlement Municipal Area



Qalqiliya



THE WEST BANK BARRIER:

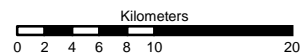
A complex series of concrete walls, electronic fences, observation towers, trenches,

patrol roads and razor wire, used to control Palestinian pedestrian and vehicular

CLOSURE:

A policy of physical barriers and permit requirements used to control Palestinian pedestrian and vehicular movement.

Barrier route extracted from satellite imagery and verified with field observations - as of 15 May 2006.
Planned Barrier route based on Israeli Government map (Ministry of Defence/Seam Zone Authority), 30 April 2006.







The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.



Territorial fragmentation of the West Bank

CAP 2006 - Revised Emergency Appeal

LEGEND

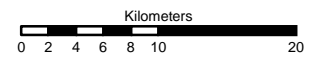
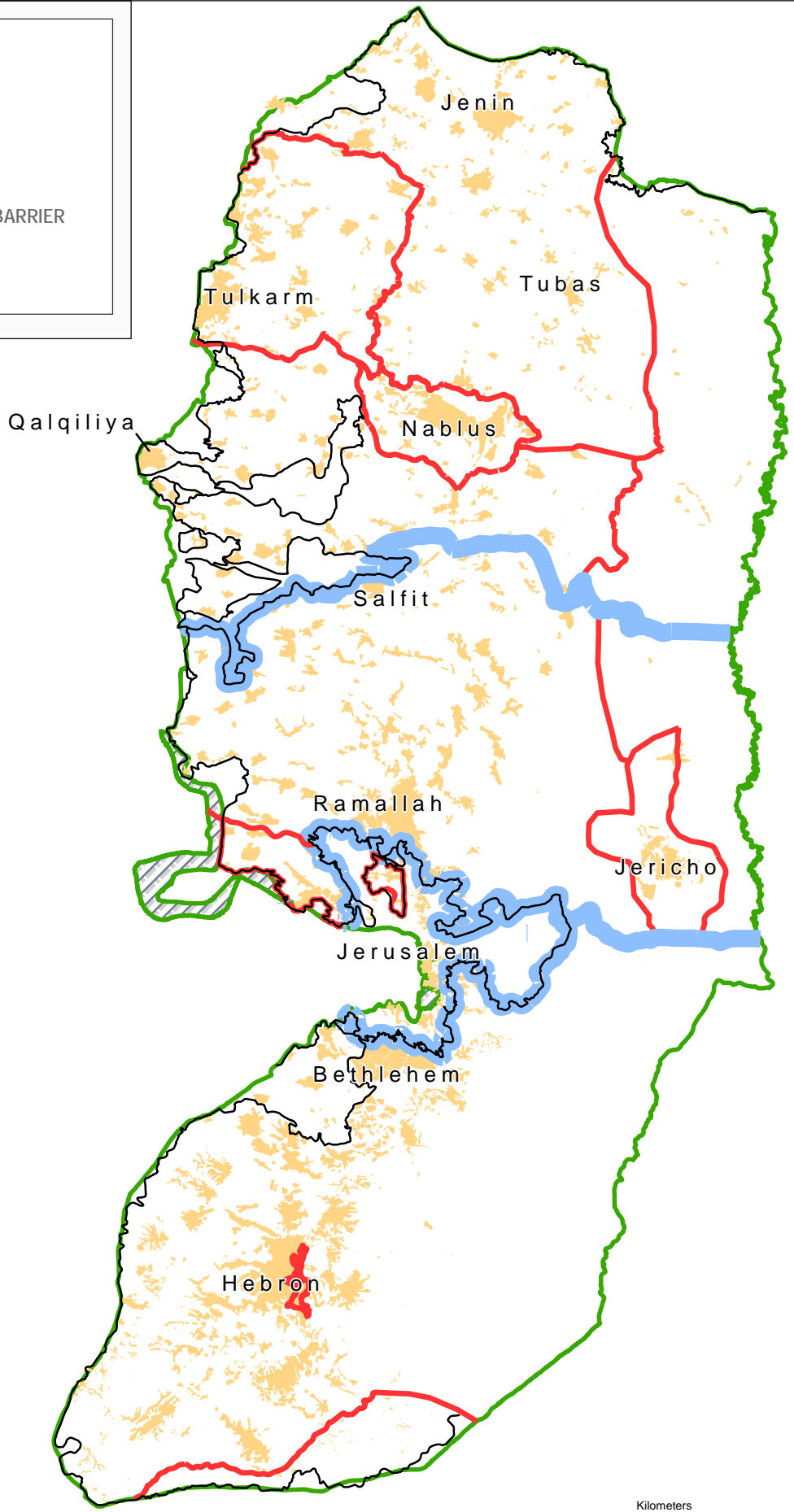
-  TRISECTION BOUNDARIES
-  ENCLAVE BOUNDARIES
-  CONSTRUCTED AND PLANNED BARRIER
-  1949 ARMISTICE LINE (Green Line)



TERRITORIAL FRAGMENTATION

A combination of checkpoints, physical obstacles and a permit system has effectively cut the West Bank into three distinct areas in addition to East Jerusalem. Within these areas further enclaves have been created – also bordered by checkpoints and roadblocks – that has led to one Palestinian community being isolated from its neighbour.

The Jordan Valley is practically cut off to Palestinians from the rest of the West Bank. And, over the past year, progressively fewer Palestinians have been able to obtain permits to visit 'closed areas' – land to the west of the West Bank Barrier.



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1.1. Reasons for the Humanitarian Decline

1.1.1. Increased Israeli security and other access measures

Internal and external closures

Restrictions on Palestinian internal movement have increased. In the West Bank, the numbers of roadblocks and checkpoints have increased from a low of 376 immediately prior to Israeli disengagement in September last year to 515 in mid-May 2006.⁶ OCHA observed as early as August last year that inter-regional movement was increasingly difficult for the vast majority of the West Bank population (Figure 1) as a combination of checkpoints, physical obstacles and a permit system had effectively trisected the West Bank, leading to an increase in transportation costs. In 2006, OCHA has reported that movement within regions has been further restricted with the creation of enclaves that has led to the isolation of Palestinian communities.⁷

Figure 1: Reasons for difficulties in accessing workplace for West Bank residents

Inability to obtain permit to move within the West Bank	58%
Inability to obtain permits to travel to Israel and East Jerusalem	66%
High transportation costs	46%
Physical obstacles within the West Bank	78%
Physical obstacles preventing access to Israel and East Jerusalem	64%
Increased travel time	46%

Source: IUED Poll 10 (unpublished data, May 2006)

Access to basic services and markets is curtailed as a result of Israel's increased security and access restrictions. A poll conducted by the Institut universitaire d'études du développement (IUED) of the University of Geneva⁸ in April/May this year – just two months after PA salaries stopped – found that almost one-third of respondents (31.4%) who did not access health services stated that this was due to closures and the West Bank Barrier.

Israel continues to separate itself from the West Bank and Gaza Strip. This includes the severe limiting of access and permits for Palestinians to work in Israel that, prior to the *intifada*, was a major source of income to Palestinians⁹ (Figure 2).

Figure 2: Erez crossing – Average daily labour movement

	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06 ¹⁰
Workers to Israel	3,588	1,767	281	137	0	1,200	1,502	707	3,698	1,161	0	0
Traders to Israel	362	175	168	120	0	104	73	42	155	56	0	0

Source: Palestinian National Security Forces

Karni crossing – the principal point for goods entering and the only points for goods exiting the Gaza Strip - has been subject to frequent closure throughout the first four months of 2006. Israel cites security concerns for the closure of the crossing which has led to Karni being closed for 44% of the year or a total of 59 days, as of 30 May.¹¹ The sporadic opening of Karni throughout much of 2006, during March in particular, led to essential food commodities, including wheat flour, fruits and dairy products, being unavailable or in short supply. Even when Karni has been open, successive closures have meant that imports have been meeting daily requirements only and stockpiles remain depleted.

⁶ UN, *Thirteenth report on the Implementation of the Agreement on Movement and Access*, 23 May 2006.

⁷ OCHA, *Territorial Fragmentation of the West Bank*, May 2006.

⁸ Since 2001, UN agencies in the oPt have funded the IUED to conduct a poll on Palestinian perceptions of their living conditions. This data can be used to analyse changes in the situation over time and is one of the few sources of currently available information on the situation in 2006.

⁹ External closure on the oPt had been imposed between 16 December 2005 and mid-January 2006. A comprehensive external closure of the oPt was instituted on 12 March, originally coinciding with the Jewish holiday of Purim..The closure for all workers and traders with valid permits to enter Israel remained in place in the West Bank until 8 May and is still enforced in the Gaza Strip

¹⁰ As of 26 May 2006.

¹¹ This does not include partial closure days, such as days with limited opening hours and/or days in which the crossing was only open in one direction i.e. only for imported goods.

The Gaza export market has been devastated because of Karni's closure. The average daily number of truckloads of goods through Karni crossing was just six truckloads a day in the last two months.¹² The Palestine Economic Development Company (PEDC), for example, that was established to use the former settlement greenhouses, has exported less than 20% of its produce since 1 January 2006 and estimates its losses to be more than \$9 million. The Palestine Trade Centre (PaTrade) has estimated daily Palestinian export losses at \$600,000. The frequent closure of Karni is despite the 15 November Agreement on Movement and Access (AMA) which set a daily goal of 150 truckloads of exported goods by 2005.

The West Bank Barrier

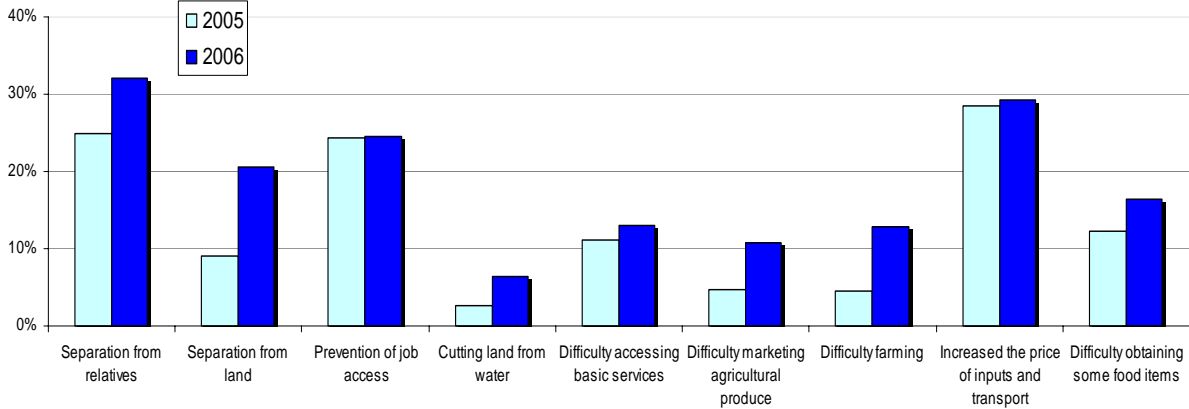
The construction of the Barrier in the West Bank has progressed rapidly.¹³ On 30 April 2006, the Israeli Cabinet approved a revised route of the Barrier that it has stated is designed to prevent militant attacks on Israeli civilians.¹⁴ Once completed, the total length of the new Barrier will be 703km compared with 670km of the previous route, of which 362km have been completed.¹⁵ This route includes the sections around the Ma'ale Adumim settlement and the Ar'iel and Emmanuel 'fingers'. Just 20% of the Barrier's route runs along the Green Line (1949 Armistice Line) – the remainder lies inside the West Bank, up to 22 km at the point around Ar'iel settlement bloc.

Contrary to the Gol's statements that the Barrier will not result in changes in land ownership or access to land divided by the Barrier, Palestinian movement through the Barrier has become more restricted, with new controls on eligibility for applications to access land in the 'closed areas' between the Green Line and the Barrier and the unreliable operation of the Barrier gates.¹⁶ The viability of livelihoods based in the area between the Green Line and the Barrier is increasingly in question. According to the latest IUED poll, 5% of the West Bank population has been forced to move due to the impact of the Barrier.

In 2006, the IDF has continued to requisition land for new and expanded IDF infrastructure such as checkpoints and road barriers and for fences and buffer zones around Israeli settlements.¹⁷

The latest poll conducted by the IUED found that one in four West Bank Palestinians are separated from their relatives by the Barrier (Figure 3).

Figure 3: Impact of the Barrier on Palestinian livelihoods



Source: IUED Poll 10 (unpublished data, May 2006)

¹² Between 1 April – 29 May 2006 according to PaTrade.
¹³ The Barrier consists of a combination of ditches, trenches, road barriers, razor wire, electronic fences and concrete walls. The Head of the Knesset Economics Committee estimated that the Barrier will cost \$3.4 billion. For further analysis of the humanitarian implications of the revised Barrier route, see OCHA *Preliminary Analysis of the Humanitarian Implication of April 2006 Barrier Projections*, (June 2006, forthcoming).
¹⁴ The route of the Barrier was particularly changed in Qalqiliya and Salfit governorates resulting in creation of two 'fingers' around the Ar'iel bloc in the northern West Bank. By creating two fingers instead of one, the new Barrier route forms three territorially continuous areas between settlements deep inside the West Bank and Israel. The new route creates one new enclave with a Palestinian population of over 11,500. In addition, an area of West Bank land, home to 36,300 Palestinians, is now located between the two settlement fingers and with limited access in and out of the area.
¹⁵ As of 30 April 2006, 362km (51%) of the Barrier has been completed, and 38 km (13%) is under construction.
¹⁶ OCHA, Humanitarian impact of the West Bank Barrier Update No. 6 Crossing the Barrier Palestinian Access to Agricultural Land (January 2006).
¹⁷ Data obtained from Israeli military requisition orders reported in the OCHA Weekly Briefing Notes.



West Bank Barrier

CAP 2006 - Revised Emergency Appeal

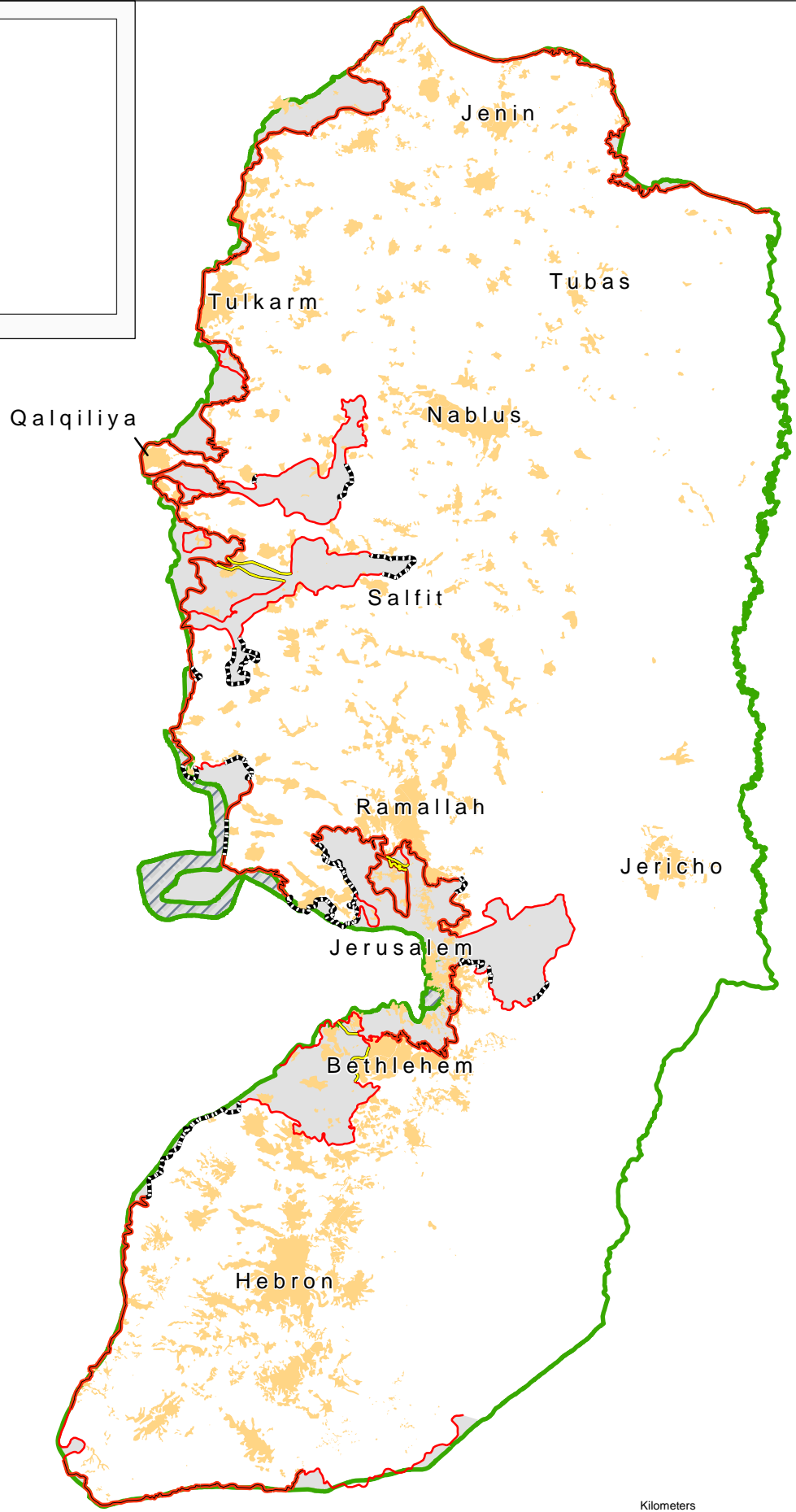
May 2006

LEGEND

- COMPLETED - 362 KM
- - - UNDER CONSTRUCTION - 88 KM
- PLANNED - 253 KM*

TOTAL BARRIER LENGTH: 703 KM

- ROAD PROTECTION - 25 KM*
*Included in planned Barrier length
- AREA LOCATED BETWEEN THE BARRIER AND THE GREEN LINE



BARRIER ROUTE

The Barrier's total length is 703 km, approximately twice the length of the 1949 West Bank Armistice Line (Green Line) adjacent to Israel. 20% of the Barrier's length runs along the Green Line

BARRIER AREA

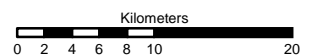
AREA AFFECTED

10.1% of the West Bank and East Jerusalem

142,130 acres or 57,518 hectares

Barrier route extracted from satellite imagery and verified with field observations - as of 15 May 2006.

Planned Barrier route based on Israeli Government map (Ministry of Defence/Seam Zone Authority), 30 April 2006.



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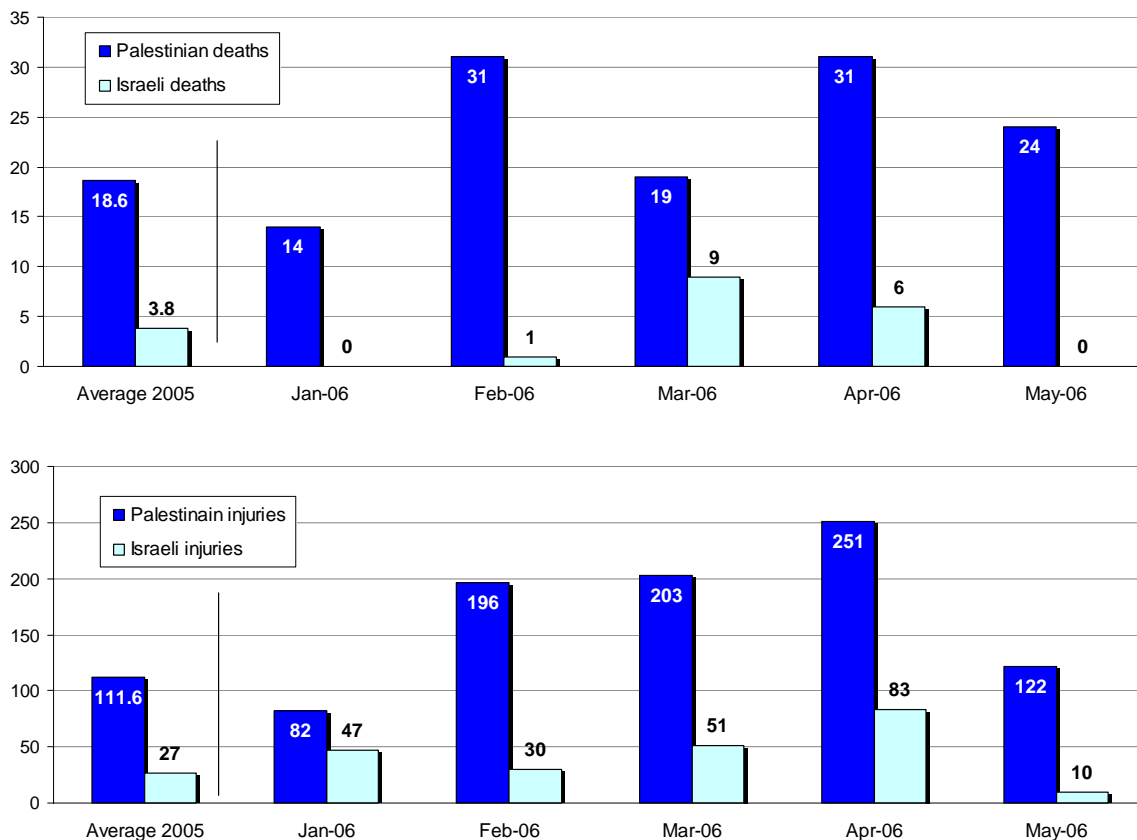
A rising threat to lives and property

Casualties

The physical protection of civilians and their property continued to deteriorate in 2006. In the first five months of 2006, 117 Palestinians were killed, including 21 children and four women, and 844 injured by Israeli forces and settlers.¹⁸ This is compared to 223 Palestinian deaths and 1,339 injuries during 2005 (Figure 4). The number of Israeli deaths and injuries in 2006 has also increased compared to 2005. Three suicide bombings¹⁹ in 2006 have killed 14 Israelis and internationals and injured 88 others.

In the Gaza Strip, 53 Palestinian deaths and 130 injuries were the result of IDF artillery shelling and missile strikes,²⁰ particularly in the northern areas which have often killed innocent civilians, including women and children. Between 28 March and 24 May, 259 homemade rockets were fired at targets inside Israel from the Gaza Strip. The IDF has responded with over 6,193 artillery shells and 45 air strikes, mostly targeting the northern Gaza Strip. In the West Bank, Palestinians have been killed and injured in particular in IDF search and arrest operations against Palestinian militants in the northern West Bank.

Figure 4: Palestinian and Israeli casualties in 2005 and 2006



Source: OCHA Weekly Briefing Notes

Infrastructure and property

Palestinian homes, buildings and other structures continue to be demolished and damaged by IDF and Israeli authorities in 2006, particularly in the Gaza Strip. Increased IDF artillery shelling and IAF missile strikes have demolished and partially damaged at least 18 structures in the Gaza Strip,

¹⁸ 1 January – 23 May 2006.

¹⁹ On 19 January, an attack in Tel Aviv injured 28 people; on 17 April an attack in Tel Aviv killed seven Israelis and four internationals and injured 60 others; on 30 March an attack in a northern West Bank settlement killed four Israelis.

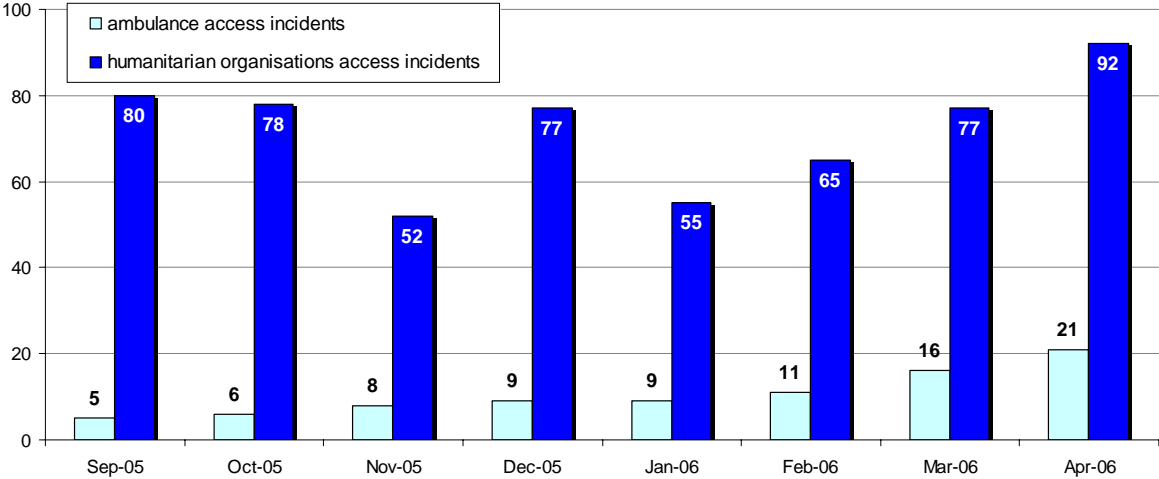
²⁰ Israeli artillery shells killed eight Palestinians and injured 71 others and missile strikes killed 45 Palestinians and injured 59. Eight Israelis have been injured by homemade rockets fired from inside the Gaza Strip during 2006 including two IDF soldiers.

particularly in the northern areas.²¹ Infrastructure has also been destroyed and damaged including roads, bridges, a recreational stadium and the PA security compound in Gaza city. Citing the lack of proper building permits, the Israeli authorities in the West Bank have continued to enforce the policy of demolitions of Palestinian structures, demolishing 97 structures and leaving at least 127 people homeless.

Humanitarian access

Humanitarian access, including access for ambulances and aid workers, worsened in 2006 throughout the oPt. In the first four months of 2006, Palestinian Red Crescent Society (PRCS) reported 57 access incidents at IDF fixed and temporary checkpoints in the West Bank, including ten denials of access,²² mostly occurring in the northern West Bank.

Figure 5: Humanitarian access (September 2005 – April 2006)



Source: PRCS, UNRWA monthly reports and ACIS forms.

This year has also seen the deterioration in access for humanitarian organisations including the UN. In the West Bank, humanitarian organisations filed 289 access reports in the first four months of 2006. Increasingly, UN staff in the West Bank are being asked to adhere to different checking procedures, in particular entering Jerusalem, despite previous agreements with the Israeli authorities. Palestinian staff of UN agencies are increasingly being requested to be separated from international staff and undergo separate searches and passage procedures, contrary to UN policies. In addition, during periods of closure, the movement of Palestinian staff is further restricted.

UN personnel have also experienced increasing movement restrictions into the Gaza Strip caused by changes in Gol operating procedures. Since early 2006, national personnel have been required to move on foot through Erez crossing into the Gaza Strip, and in May a new search procedure was instituted for ‘blue’ UN Laissez Passer (UNLP) holders leaving in vehicles. Both of these measures are contrary to UN policy and, as a result, national staff have not been able to leave the Gaza Strip for the last four months and international staff have faced increased difficulties in crossing.

The frequent closure of Karni crossing in 2006 has hampered UN agencies’ operations in the Gaza Strip. UN Agencies are finding it difficult to transport their relief supplies through the crossing point. In addition, restrictions on the transit of commercial goods into the Gaza Strip are hampering the implementation of UN programmes, reliant on purchasing imported goods, such as UNDP’s labour intensive infrastructure programmes. The situation in the Gaza Strip became dire in March with, for

²¹ In December 2005, the IDF declared large areas of the northern Gaza Strip a ‘no-go’ area or an enlarged buffer zone and movement in and out of this area is restricted to residents and international organizations. The IDF has also imposed a security area ranging from 150 to 500m wide in the Gaza Strip’s northern and eastern borders.

²² This figure includes only delays in ambulance access of more than 30 minutes following the commitment given by the Gol to Ms. Caroline Bertini in 2002. OCHA is tasked with monitoring these ‘Bertini Commitments’, see OCHA Humanitarian Updates for monthly monitoring of the implementation by the Gol of the Bertini Commitments. Since September 2005, the number of access incidents reported by the PRCS has steadily increased.

example, both UNRWA and WFP reporting problems delivering food aid and wheat flour supplies.²³ In April, UNICEF was unable to deliver humanitarian supplies to the Gaza Strip including equipment for the Ministry of Education and vaccine equipment such as refrigerators and other medical supplies to the Ministry of Health.

1.1.2. The Palestinian Authority fiscal crisis

PA VAT and customs transfers and donor payments make up about 75% of the PA budget. The loss of these two income sources, together with banks' refusal to transfer funds to the PA, have seriously undermined the functioning of the PA institutions, with severe humanitarian consequences.

1.1.3. Rising internal insecurity

Within the oPt, the non-payment of 70,000 armed PA security personnel has led to a highly volatile situation and a rise in factionalism, illustrated by the deployment in May of a 3000-strong armed force (the 'Executive Support Force') in the Gaza Strip, created by the Minister of the Interior but declared illegal by the President.

Since the publication of the CAP 2006, lawlessness and internal strife have intensified in the Gaza Strip. Since January 2006, there have been 85 family or factional feuding incidents, killing 35 adults and one child and injuring 169 adults and 24 children. There have also been 64 attacks against public institutions in the Gaza Strip which left 100 people injured, six of them children.²⁴ The escalation of internal violence is, at least in part, the result of the non-payment of security staff salaries.²⁵ It is estimated that twice as many security forces are employed in the Gaza Strip as the West Bank.²⁶

1.2. The Immediate Humanitarian Impact of Israel's Intensified Policies and the PA Fiscal Crisis

1.2.1. A sharp rise in unemployment and increased poverty

According to a poll conducted in May 2006 by IUED, 70% of the population is living in poverty, rising from 68% in 2005 and approximately 30% before the *intifada*.²⁷ Poverty is expected to further increase this year. Currently, unemployment stands at 31% but is expected by the World Bank to almost double by the end of 2006.²⁸ Between the 4th quarter of 2005 and the 1st quarter of 2006, the unemployment rate increased by six percentage points to 40% in the Gaza Strip.²⁹

Many PA civil servants in schools, hospitals and ministries, are still employed and go to work despite not receiving wages for three months. More than 152,000 people are employed by the PA³⁰ but it is likely that many will stop working if salaries continue to go unpaid, leading to a rise in unemployment. Poverty amongst PA employees has risen noticeably – from 37% in 2005 to 46% in 2006. Although poverty among PA employees is lower than average across the Palestinian population, the increase in poverty is much sharper than the general population and points to a worsening trend.

²³ Difficulties in processing goods through Karni have led WFP to import some of its wheat supplies through Kerem Shalom and Sufa crossing. A related problem is that UN Agencies are not able to get empty containers out of the Gaza Strip and are incurring demurrage charges.

²⁴ Data compiled by OCHA from sources including UNRWA and the Al Mezan Center for Human Rights.

²⁵ For example, on 20 March, armed men, mainly belonging to al-Aqsa Martyrs Brigades, briefly stormed a military hospital in southern Gaza and a power plant and the Ministry of Finance in Gaza city, demanding unpaid wages and jobs.

²⁶ OCHA calculations based on PCBS and security force data.

²⁷ IUED poverty figures are used here because the Institute provides the only poverty data on the oPt for 2006 that allows the comparison with previous years. The poverty line in 2006 stands at \$2.7 per person per day, with hardship cases living on \$1.35 per person per day or less. PCBS has published poverty data for 2004 (PCBS, *Poverty in Palestine*, 2005) but plans to publish data for 2005 in June this year. The pre-*intifada* (1999) poverty data is from PCBS and is roughly comparable to the IUED poverty figures because both sources use income based poverty definitions. Importantly, the PCBS and IUED use the same poverty line.

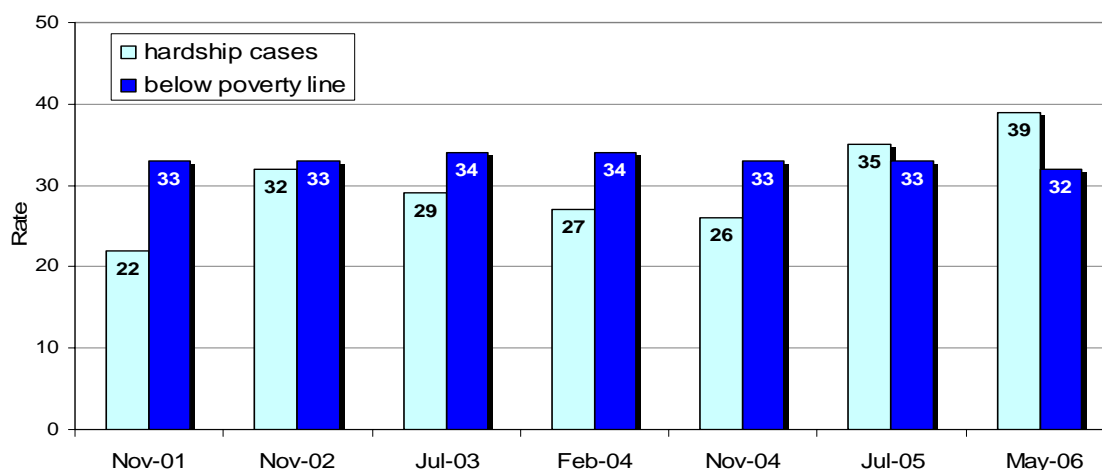
²⁸ Unemployment data is provided by PCBS (Q1 2006), according to the relaxed definition, which includes those workers who have given up looking for work. Arguably, it is important to include the discouraged workers in the context of the oPt because of the dearth of job opportunities available locally.

The World Bank predicts that unemployment (according to the ILO definition which excludes discouraged workers) will rise to 40% in 2006 and 47% in 2008, from 24% in 2005 (Economic Update and Potential Outlook, 15 March, 2006).

²⁹ PCBS LFS, according to the relaxed definition.

³⁰ PA salaries are relied upon to a greater extent in the Gaza Strip, where 37% of employment is in the PA, and they constitute an important employment source for women (one third of PA employees are women while women make up 14% of the total labour force).

Figure 6: Poverty rates in the oPt (2001-2006)



Source: IUED Polls 3-10

As of today, initial findings from UN monitoring of the impact of the PA fiscal crisis reveal that the non-payment of salaries makes it difficult for PA employees to afford transportation to get to work.³¹ Furthermore, the UN has observed that some women employees are no longer able to afford childcare, increasing the likelihood that they will stop working. Schools, hospitals and clinics are facing problems recruiting new staff because of salary non-payment. Some universities, according to UN monitoring, have reported a fall in student attendance this term because of growing levels of poverty, leaving the institutions increasingly unable to meet running costs.

With one-quarter of the Palestinian population relying on the PA salaries of the breadwinner, the non-payment of wages is already having a negative impact. The household dependency ratio jumped at the beginning of 2006. A Gazan household has come to support, on average, one additional person in the last three months, further stretching scarce household resources.³² At the same time, the cost of living has increased by 3.2% in the last quarter.³³

The loss of salaries reverberates in the local economy and society, which is starved of cash. The latest IUED poll revealed that the feeling of security has fallen throughout the oPt but most markedly in East Jerusalem.³⁴ The main reason for falling levels of security, identified by 45% of respondents (a dramatic rise from 25% in 2005), is the lack of socio-economic improvement. Throughout the oPt, poor socio-economic conditions are identified as the number one reason for insecurity over and above the Israeli military occupation. This is because, in relative terms, the economic squeeze felt by households due to the steady separation of Israel from the oPt and the PA fiscal crisis has become more prominent.³⁵ Local banks are applying new restrictions on loans due to the reduced capacity of borrowers to repay. Private sector services have become unaffordable to many.³⁶ Patients, for example, are relying more on already-stretched PA and UNRWA basic services. UNRWA has reported a six-fold increase in applicants for its West Bank job creation programme.

According to a recent poll by the IUED, the number of people who cannot rely on income to obtain food has increased since last July from 14% to 17%. Food insecurity³⁷ is predicted to increase by 14% to 51% by June 2006 due to a combination of factors including the PA fiscal crisis, extended closures,

³¹ The first monthly UN 'Humanitarian Monitor' report for May will be available in mid-June.

³² PCBS, Labour Force Survey, April 2006. Between Q4 2005 and Q1 2006, the dependency ratio by 0.5 and 0.9 of a percentage point in the West Bank and Gaza Strip respectively.

³³ PCBS, Consumer Price Index, Q1 2006.

³⁴ In the West Bank, 39% of respondents felt secure (a drop from 50% in 2005), in Jerusalem governorate, 44% felt secure (down from 65% in 2005) and in the Gaza Strip, 50% felt secure (a fall from 56% in 2005).

³⁵ In 2005, the military occupation was the principle reason for insecurity throughout the oPt, mentioned by 52% of respondents. In 2006, 11% of respondents stated that it was a reason for their insecurity. The shift in the reason for insecurity from being military occupation to lack of socio-economic improvement is most evident in the Gaza Strip.

³⁶ Some western donors see the private sector as an alternative funding channel to create new services and provide new jobs. This approach may be misguided (OCHA, Humanitarian Update, April 2006).

³⁷ "Food security exists when all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and satisfy their food preferences and thus conduct a healthy and active life. (World Food Summit 1996)"

market disruption, the exhaustion of coping strategies and the avian flu outbreak.³⁸ WFP field staff report a dramatic increase in pressure at the distribution point from people wanting food. Half of respondents to the IUED poll who received assistance stated that the role of assistance in the household budget had increased in the past six months.

1.2.2. Vulnerable groups

Certain household types emerge as particularly vulnerable in the deteriorating humanitarian climate due to low incomes and insecure work. These households are vulnerable because they are less likely to possess the resources to seek out alternative private services no longer provided by the PA and consequently face higher food insecurity levels.

- *Households whose breadwinner is a worker in Israel and lost his income as a result:*
Prior to this closure approximately 7,218 workers and 7,671 traders from the West Bank had valid permits to enter Israel and 4,979 workers and 510 traders in the Gaza Strip. Prior to the *intifada*, 150,000 Palestinian workers were employed in Israel. These households are threatened by the potential loss of livelihoods.
- *Households supported by a PA employee:*
Approximately 25% of the Palestinian population depends on a breadwinner's PA salary (including 37% of all employed persons in the Gaza Strip and 14% of all employed in the West Bank). These salaries are now under threat. Particularly vulnerable are those with low incomes and low skill levels, such as municipal cleaners, guards and security personnel.
- *Households with members who are social hardships cases:*
These include households with members engaged in Ministry of Social Affairs (MoSA) emergency job creation programmes and 45,000 who receive relief assistance from MoSA. These recipients risk losing a vital source of income. Social hardship case households may also include members affected by chronic diseases. Their access to long-term treatments, including the treatment of cancer relies on Ministry of Health (MoH) services, which are jeopardised in the coming months. Households with high dependency ratios are also more vulnerable because they have heightened nutrition needs and poor income sources.
- *Households with breadwinner dependent on petty trade and agriculture:*
These households are expected to suffer because of the liquidity crisis in the local economy and intensified Israeli closures. The vulnerable farming households include: i) farmers exporting goods from the Gaza Strip and approximately 65,000 family farmers who cannot procure agricultural inputs; ii) farmers in areas of high horticultural potential such as Tulkarm, Qalqilya and the Jordan Valley, including those who cannot afford agricultural inputs and, iii) farmers experiencing the drought in Hebron.³⁹

Against this background, certain groups of women, young people and children face specific vulnerabilities when seeking work and accessing services.

- *Women*
The loss of the (often male) breadwinner's income has meant that women frequently seek out alternative income-generating opportunities. However, they often lack work skills and experience and may be marginalized from access to resources and services. In addition, pregnant women and lactating mothers are particularly vulnerable to food insecurity. Pregnant women with complicated pregnancies are also at risk of not receiving the medical care that they need.
- *Young people (18-24 years):*
Young people are more affected by rising unemployment with about 40% of youths aged 15-19 years are without jobs in the oPt. Particularly vulnerable are those without a university degree.

³⁸ FAO/WFP Food Security Update. For more details on the avian flu outbreak and humanitarian response, refer to the oPt Inter-agency framework for Avian Flu and Pandemic Response (May 2006). This revised appeal does not include the response package to the needs generated by the Avian Flu outbreak, developed separately by WHO, FAO, UNICEF, UNDP, WFP and UNFPA.

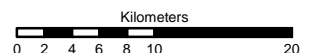
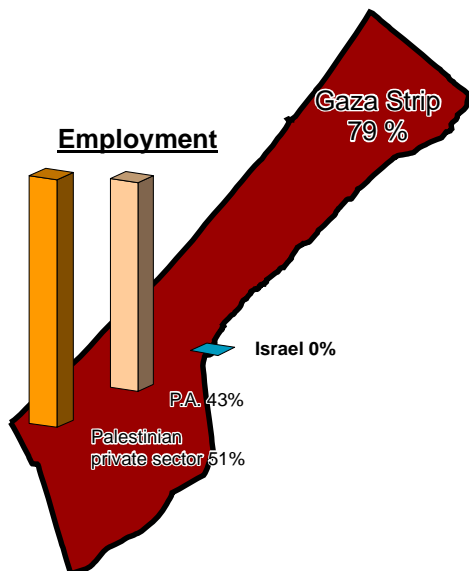
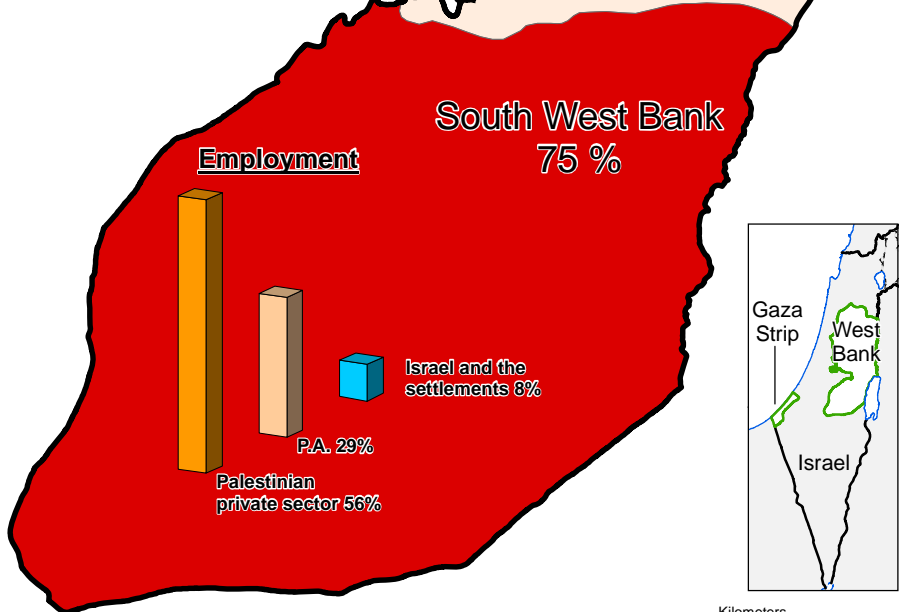
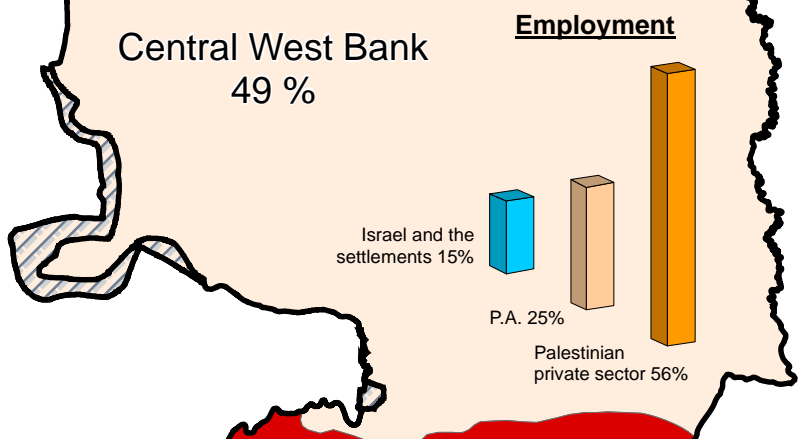
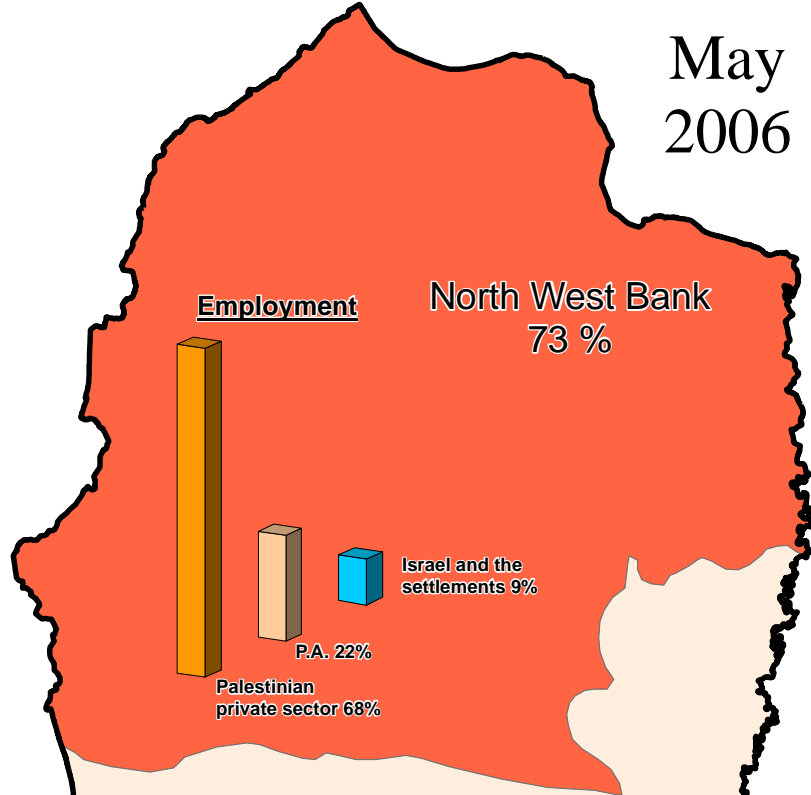
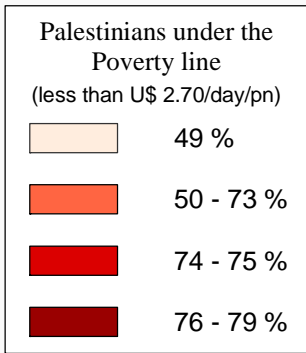
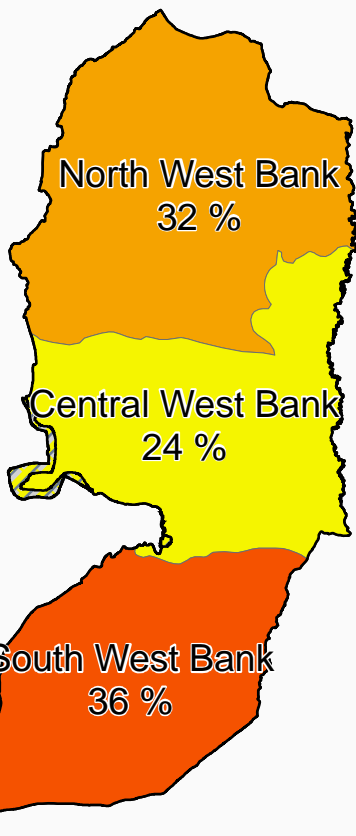
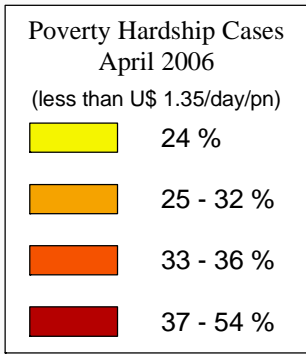
³⁹ Officials in Hebron's Ministry of Agriculture in March 2006 estimated that 80% of Hebron governorate is drought-stricken. On average, eastern and south-eastern parts of Hebron governorate have received 63% annual average rainfall in the hydrological season.



Poverty and Employment in the occupied Palestinian territory

CAP 2006 - Revised Emergency Appeal

May 2006



The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

- *Children:*

The number of children arrested or detained in Israel has increased from 319 in January to 371 in April 2006. Children from Ramallah and Nablus make up almost half the detained children. Children are expected to be at risk of school drop-out due to pressure to earn an income. Children psychologically harmed by the violence will be increasingly unlikely to receive the mental health services they need. Children under the age of five years are particularly vulnerable to food insecurity. Children with illnesses that receive MoH care will be vulnerable.

1.3. Coping with the Crisis at the Local Level

1.3.1. Palestinian Authority

The PA provides core services used by the bulk of the population, including 75% of schools and 62% of primary health clinics. UN field reports point to the onset of the crumbling of health, education and welfare systems and threats to public health emanating from the breakdown of utilities, such as water wells, storage and distribution networks, solid waste disposal and sewage services.⁴⁰

The PA's provision of relief services to families that are chronically unable to support themselves has come to a halt. Job creation projects operated by the Ministry of Social Affairs (MoSA) have stopped for the past three months, with the result that the poorest sections of the population are deprived of income. Monthly cash subsidies provided by MoSA have not been received by social hardship cases since February (approximately 45,000 Palestinians families are supposed to receive monthly cash subsidies from MoSA).

UN monitoring reveals that shortages in food are reported in PA institutions such as prisons and hospitals due to funding shortfalls. For the same reason, shortages in fuel and cooking gas, including that supplies to hospitals and Ministry of Health vehicles, have been reported. In Hebron, Ministry of Health workers were unable to visit 74 primary health care centres in May because petrol stations stopped providing MoH vehicles with fuel.

Hospitals are facing shortages of drugs⁴¹, including those treating chronic diseases, anaesthetics, intravenous infusions and other medical supplies. It is reported that 77 essential drugs are already out of stock or will be within the next six months. Consequently, some hospitals are economising by reducing the number of operations performed to the most urgent cases. Fewer patient referrals to Egypt and Israel have been made by one Gazan hospital due to the high cost incurred by the hospital.

1.3.2. Household coping mechanisms

With the severe weakening of the PA, alternative coping mechanisms are being employed. For example, some doctors are working in clinics closer to home to reduce transport costs. In the Gaza Strip, two health care workers' shifts are being folded into one to cut the number of journeys made by staff to reduce transport costs.

Households report increasing reliance on negative coping strategies such as reducing expenditures, not paying bills and using savings (Figure 7). Households in deep poverty reduce expenditures more than households of other socio-economic groups – 85% of households in deep poverty reduce expenditures as a coping strategy, compared to 55% of households above the poverty line. PA employees' reliance on coping mechanisms has increased to a greater extent than in the population generally – particularly the non-payment of bills and reducing expenditures.

⁴⁰ For example, the Palestinian Water Authority and municipalities' monitoring system will be undermined due to fiscal constraints. In addition, the Joint Water Committee involving Palestinian and Israeli officials has stopped meeting and as a result more water projects are put on hold, further weakening the Palestinian population's ability to access safe water in acceptable quantities.

⁴¹ It is reported that 77 essential drugs are already out of stock or will be within the next six months.

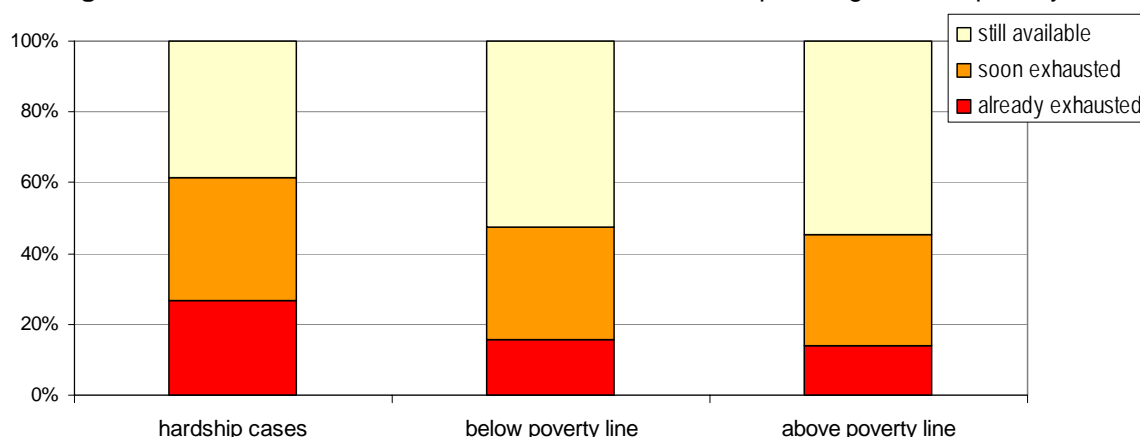
Figure 7: Reliance on coping mechanisms in the oPt

	2005		2006	
	Overall population	PA employees	Overall population	PA employees
Reducing expenses	61%	52%	72%	69%
Not paying bills	44%	33%	55%	60%
Buying on credit	55%	50%	55%	60%
Using past savings	38%	34%	53%	51%

Source: IUED Polls 9 and 10 (unpublished data, July 2005 and May 2006)

However, the ability of these mechanisms to buffer the worst effects of the crisis should not be overestimated. According to the recent IUED poll, 20% of respondents stated that these coping strategies had already been exhausted and a further 33% stated that they would soon be exhausted. The same poll found that since 2005, people's ability to keep up financially has diminished. Many of those who said that they could keep up financially as long as it takes, are now saying that they can keep up for a few months only. Likewise, many of those who were barely managing in 2005 are now in a serious condition and do not know how to cope, a drop most evident in the Gaza Strip.

Figure 8: Distribution of available means to retrieve hardship among levels of poverty



Source: IUED Poll 10 (unpublished data, May 2006)

After at least five years of hardship, household assets and capacities have, to a large extent, been drained. Credit from shops – a vital form of household survival used to buy food and other essentials and particularly among those made unemployed during the *intifada*⁴² – is being cut by shopkeepers who no longer trust PA employees' ability to repay. UN monitoring reveals that in the Gaza Strip, Palestinians are buying less over the counter medication because of its cost and are making hospital visits instead.

1.3.3. Private sector

Since the election of Hamas and the withdrawal of donor funding from the PA, the private sector has emerged as a likely recipient of foreign aid.⁴³ However, the capacity of the private sector to replace the PA as a service provider in any meaningful way is extremely limited. Only 12% of schools, 39% of hospitals and 12% of primary health clinics are run privately.⁴⁴ Whether or not it is desirable to rely on the private sector as the major service provider also remains questionable. Nevertheless, the prohibitively high cost of accessing private services puts them beyond the means of a population increasingly short of jobs and in need of financial help. And many of those who previously were able to afford private sector services are now resorting to government-run services, adding to the pressure on resources.

Similarly, the capacity of the private sector to absorb those who lose work in the PA is limited. Most Gazan workers who lost employment in Israel have failed to find alternative work in the local economy. Gaza's local private sector – which provides 56% of all jobs – is too small to absorb new workers.

⁴² OCHA, Humanitarian Update, May 2005.

⁴³ OCHA, *Humanitarian Update*, April 2006

⁴⁴ Data from Ministry of Education, 2005-2006; Health Care Providers and Beneficiaries Survey, (PCBS 2005).

Wages, which are already considered to be low, would fall further still with any increase in labour supply.⁴⁵

1.4. The Most Likely Scenario for 2006

The current situation has deteriorated to a far greater extent than forecast in the 2006 CAP which stated that the worst case, and most likely, scenario would be a gradual worsening of the humanitarian situation in 2006. This revised CAP anticipates that the significant intensification of Israeli access and security measures and the fiscal crisis faced by the PA will lead to serious deterioration of the situation.

The tightening of Israel's access and security measures, including closures, continue at the intensified level that has been witnessed in the first half of 2006. The new Hamas government is unlikely to accede to the Quartet's principles and, in this event, western donors are expected not to fund the PA directly. The non-transferral by banks of existing or any future funds is likely to remain a serious constraint. Nevertheless, some limited funds are expected to find their way into PA coffers preventing its complete collapse. Between \$10-15m monthly tax and customs transfers withheld by Israel are likely to be released for the payment of PA electricity and water bills while the remainder continues to be held back. Alternative funding mechanisms, namely the Quartet-established Temporary International Mechanism (T.I.M.), could support limited core services.⁴⁶

According to these assumptions, unemployment is expected to almost double in 2006. Poverty is predicted to increase markedly, as will factional feuding and social unrest. Palestinian GDP growth is projected to plummet by 25% and real per capita GDP to fall by 27%. With the loss of livelihoods based on employment in Israel and with the PA, and the increasing risks associated with local entrepreneurial enterprises, Palestinians are likely to resort to negative coping mechanisms, such as reducing expenditure, with detrimental repercussions for food insecurity and access to services.

⁴⁵ OCHA forthcoming report, June 2006.

⁴⁶ The World Bank (*Economic Update and Potential Outlook*, 15 March 2006) developed slightly different scenarios but which assumed similar funds reaching the PA. This section uses the economic outcomes developed by the World Bank.

2. Review of the Common Humanitarian Action Plan

2.1. Summary

2.1.1. CAP 2006 funding analysis

At the time of this anticipated mid-year review, the CAP oPt has been generally funded at a rate of 36% i.e. a total of \$ 77,123,090 has been received or committed. In addition, another \$ 13,000,000 has been pledged.

There are, however, significant funding discrepancies to be highlighted among sectors, number of projects and agencies. Agencies such as UNRWA, UNICEF, FAO, WHO and OCHA have more than 50% of their original funding requirements met. Others such as WFP, UNDP and UNIFEM have low levels of funding whereas the rest of the appealing agencies have received less than 1% of their original requirements.

It is important to note that the CAP 2006 was largely under funded until recently. At the end of April, the overall level of funding was at 8%. Therefore the implementation of the planned interventions has been seriously hampered in the first quarter of 2006 implying the absence of a significant response to address the humanitarian needs as identified in the CAP document, released at the end of 2005.

It is only recently, in the last month, that funds have been gradually committed towards the planned humanitarian interventions. These funds will enable humanitarian agencies to address ongoing needs in a sustainable manner and to very rapidly support revised humanitarian strategy and interventions.

The original requirements of the 2006 Appeal stood at \$ 215 million, and are now revised to \$385 million. Fourteen projects have been retrieved (not considered relevant any more or fully funded) from the original appeal and a total of 40 new projects have been added in the revised appeal.

2.1.2. Humanitarian response strategy

While humanitarian agencies have broadly assessed the humanitarian consequences in the current context, it is clear that the UN agencies and NGOs lack the capacity and mandates to take over service delivery from the PA. UNRWA, NGOs and the private sector can expand to a limited extent but they do not have the capacity to deliver these services universally. In addition, although UN agencies and NGOs are scaling up their humanitarian operations, they may not be able to meet the rapid increase in need, particularly in the face of increased movement restrictions in the oPt. Humanitarian assistance is already at high levels – approximately \$1.1 billion has been invested in humanitarian assistance since 2000. Additional humanitarian aid is needed to preserve a minimum functioning of the public system. However, the delivery of aid is becoming more expensive due to the additional overhead/ administrative costs of funding through multiple alternative smaller-scale sources. The effectiveness of the targeting of assistance will be reduced without full coordination with the PA.

2.1.3. Guiding principles and criteria for adjusting humanitarian interventions

In this shifting political environment, the humanitarian agencies continue to provide humanitarian assistance on the basis of a universal set of principles guiding interventions: humanity, neutrality and impartiality, with the consent of the affected government.

Humanitarian agencies are readjusting their response to ongoing and newly-emerging humanitarian needs on the basis of clear criteria guiding humanitarian interventions, including:

- Humanitarian assistance should be guided by need rather than political requirements according to the principle of impartiality.
- To be effective, projects in the current CAP or future expanded humanitarian interventions need to be implemented with the necessary coordination with local authorities. Humanitarian assistance is neutral, and humanitarian agencies should interact with all parties to ensure access and to negotiate conditions for delivery. Humanitarian assistance should be provided with the consent of the host authority.
- Humanitarian interventions should not cause irreversible changes to the PA over time. They should be time-bound and subject to regular review as the situation evolves.

- Barring a situation of collapse, humanitarian initiatives should not duplicate PA services. Humanitarian assistance should not replace the core public sector responsibilities such as ensuring the right to health care and education.
- Humanitarian intervention should be expanded to address the impact of increasing poverty and unemployment – for example, through employment generation and the provision of credit, so as to target the poorest and stimulate the local economy.
- Israel is reminded of its responsibility to provide or facilitate assistance to the Palestinian people and to transfer revenues to the PA.

2.2. Revised Strategic Priorities

Strategic priorities in 2006 relate directly to the context analysis in the CAP 2006. The identification of priorities in the CAP 2006 is based on a needs analysis framework (NAF), which will be updated thoroughly in the coming months.

The immediate and urgent revision of the CAP has led to the following adjustment of the strategic priorities:

- Address gaps in basic needs such as the quantitative and qualitative lack of medical supplies, food security, education, water resources vulnerable;
- Maintain assets of vulnerable households through emergency employment and cash assistance to sustain minimum, immediate and viable livelihoods and prevent further impoverishment;
- Enhance constant monitoring, analysis and awareness of the causes of the humanitarian situation and of the humanitarian consequences of reduced and fragmented aid to the PA.

2.3. Revised Sector Response Plans

2.3.1. Job creation and cash assistance

Sector Situation Update

Since completion of the last CAP, socio-economic conditions in the oPt have continued to deteriorate. No noticeable improvement has been recorded since the Israeli disengagement, in terms of movement conditions for goods and people, which are deemed essential to revive the Palestinian economy in general, and labour markets in particular. Conclusion of the Agreement on Movement and Access on 15 November 2005 did not yield any substantial amelioration in the access regime. Closure of the Karni crossing may be an epitomising example, as the passage of goods remained closed for more than 58 days (or 53% of the year) by 30 April 2006 – as compared to 18% of the year in 2005 and 19% in 2004. In April 2006, the average daily labour movement to Israel through Erez was 0, as compared to 3,200 in December 2005. In parallel, geographical contiguity is hindered, across various parts of the West Bank. Conditions of access to Jerusalem become increasingly stringent, even for personnel of international humanitarian Agencies. In late 2005, coordinated efforts were envisaged by the PA and the international community, to encourage private foreign investment in this devastated economy. Shortly after, as a consequence of the PLC election results, aid transfers to the PA were instead halted, triggering a liquidity crisis and fiscal difficulties.

Living conditions further worsened after January 2006, in part also as a result of international reactions to political developments in the oPt. Namely, non-payment of salaries extended livelihoods distress to about 1 million Palestinians (over 152,000 PA employees and their dependants). Out of these, over 75,000 refugee families have seen their income curtailed. High poverty rates continue to strain coping strategies and social support networks. According to IUED data, poverty has increased from 68% in July 2005 to 70% in May 2006. Uncertainty on income sources aggravates frustration and factionalism, leading to increasing security concerns. Especially in the Gaza Strip, the progressive depletion of natural resources makes the economy more and more dependent on external sources of raw materials and food stuffs. Conditions become untenable though, if this occurs in a situation of restricted trade and transport.

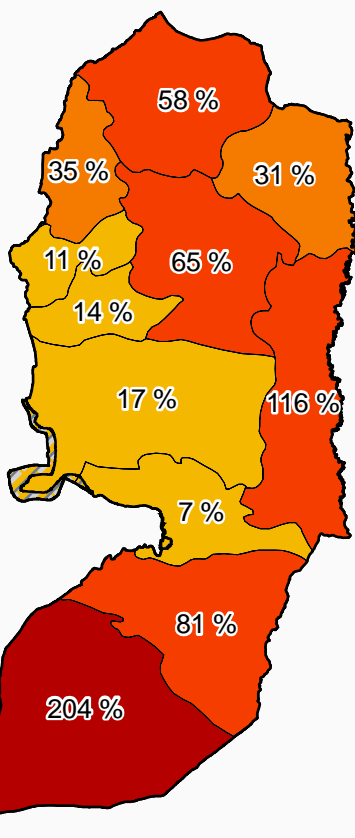
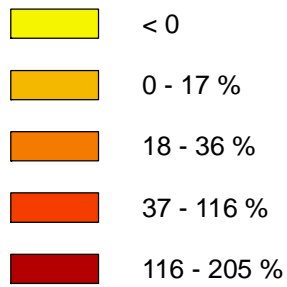
In the first quarter of the year 2006, unemployment rates increased in both West Bank and Gaza Strip. According to international standards, unemployment showed a 1.5 percent increase between January-March 2006, rising up to 25.3%. A major increase was recorded in the Gaza Strip (from 28.2% at the end of 2005 to 34.1% in the 1st quarter of 2006). The younger age groups are mostly affected by rising



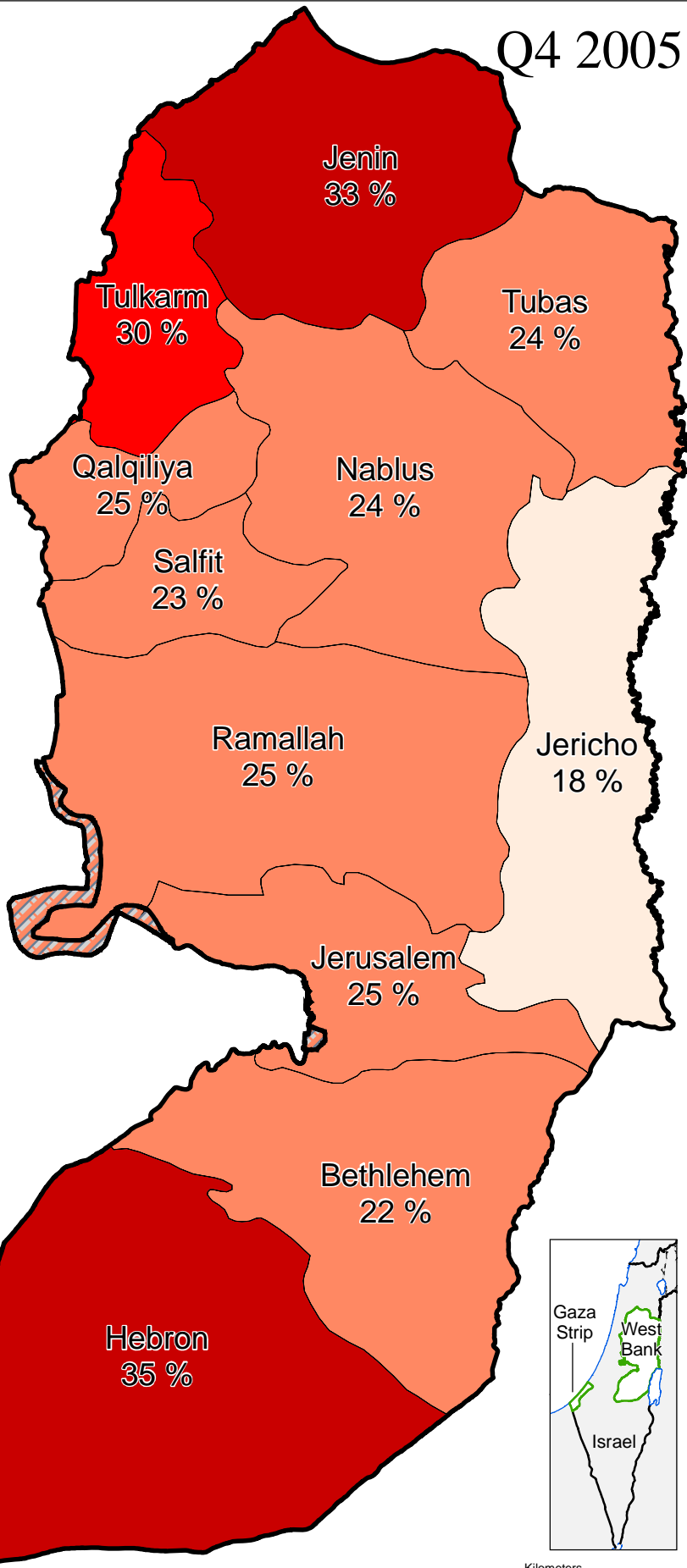
Unemployment in the occupied Palestinian territory

CAP 2006 - Revised Emergency Appeal

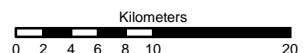
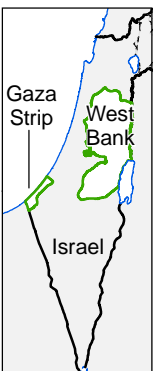
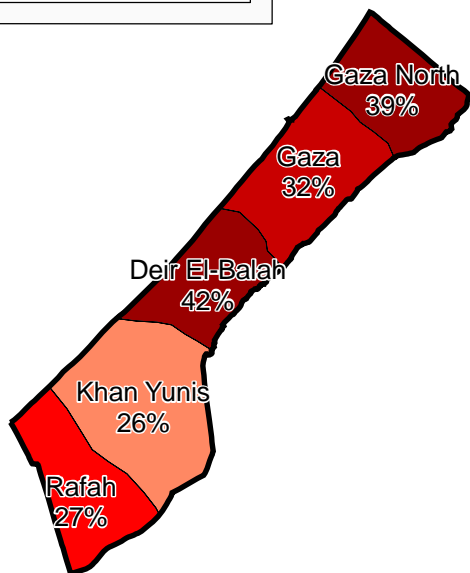
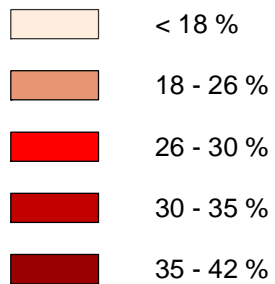
Increase in Unemployment Rate Since Q4 1999



Q4 2005



Unemployment in the oPt by Governorate Relaxed Definition



The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

unemployment, as about 40% of youth 15 to 19 years of age and 39% of those aged 20 to 24 are currently without a job. Unemployed and unoccupied youth are particularly vulnerable to difficulty in finding jobs within a context of economic contraction, shrinkage of productive sectors, and increasing poverty. Within this cohort, youth graduates without a bachelor degree -- in particular, youth holding *Tawijhi* or technical and vocational training certificates -- currently have very limited prospects for employment (unemployment rate for this latter group being about 34.7% in May 2006).

If we consider Palestinians who are not even engaged in active job search, total unemployment rate in the oPt reached 31.1% in March 2006. Recent trends highlight a dramatic deterioration in the Gaza labour market where unemployment increased from 33.1% to 39.6% during the first quarter of the year. The percentage of participants in the labour force (according to ILO standards) decreased by 0.7% between December 2005 and March 2006. Overall, employment in Israel and in Israeli settlements further decreased from 13.6% at the end of 2005 to 13.2% in the 1st quarter of the year and by the end of March about 61,000 Palestinians were working in Israel and in settlements.

The economic dependency ratio, further reflecting the increasing degree of vulnerability of the Palestinian population to the current economic crisis, was 6.2 in the 1st quarter of 2006, compared to 4.8 before the start of the *intifada*. In the Gaza Strip, the dependency ratio has now reached 8.4 persons per job holder. Though nominal wages slightly increased in the 1st quarter of 2006, from NIS75.3 to NIS77.9 in the West Bank, and from NIS66.4 to NIS70.1 in the Gaza Strip, the adjustment is far from offsetting the dramatic increase in cost of living indicators, and more specifically in consumer prices (+3.21%) recorded between December 2005 to April 2006.

In summary, 25.3% Palestinians in the oPt are currently unemployed, with even higher rates among the youngest sectors of the population. An increase of 1.4 in the dependency ratio since the beginning of the *intifada* outlines rising vulnerability at the household level. The strong rise in the consumer price index renders void any slight increase recorded in nominal wages during the first quarter of 2006.

In this framework, whereas the key challenge to the PA would be to find markets and investment to return to pre-*intifada* levels of employment and economic activity, the creation of over 152,000 jobs would instead be necessary to achieve full employment (5 percent unemployment). Due to high rates of population growth and to maintain this trend over the next decade, the creation of 321,000 jobs by 2010 and some 525,000 jobs by 2015 would be necessary.

Sector Revised Strategy

Whilst the Palestinian economy is confronted with a sharp reduction in donors' assistance, withholding of aid instruments for budget support, missed recovery of tax revenues and progressively lower levels of remittances from workers in Israel, households bear the effects of poverty-triggering mechanisms on their daily livelihoods. In recent years, closures have been determining loss of jobs or lower incomes; this resulted in lower demand for goods which, in turn, lowered availability of employment opportunities. The present uncertainty in occupational status and regularity of income further weakens economic circumstances and leads to intensifying search for cash generation prospects at the household level. The increasing number of applications, for example, to the UNRWA Job Creation Programme is a valuable indicator showing raising needs in this domain.

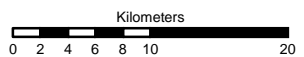
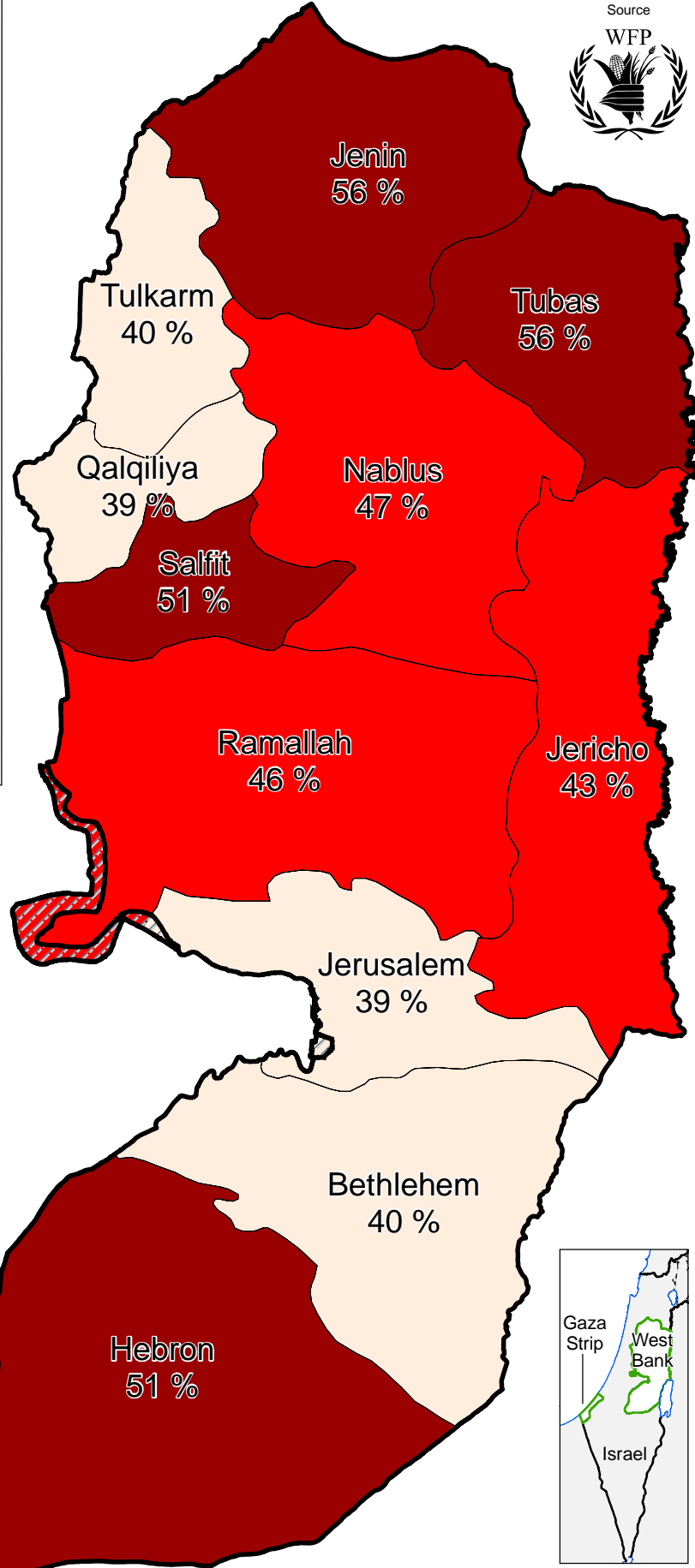
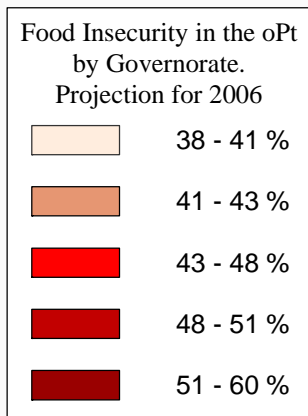
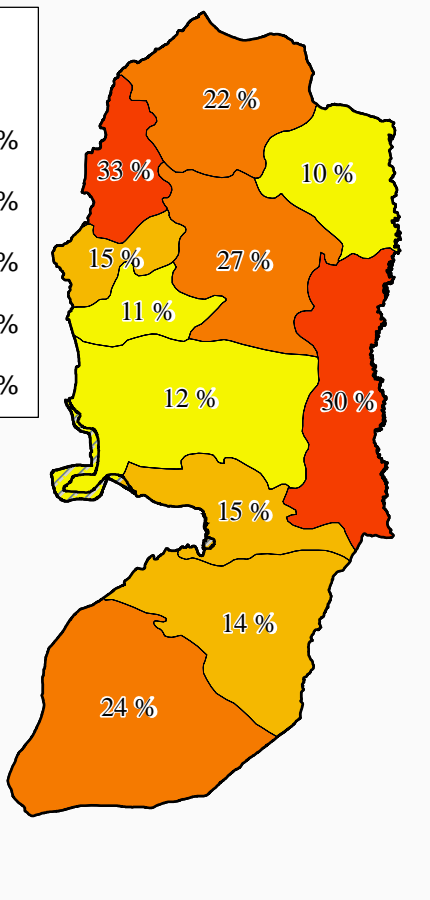
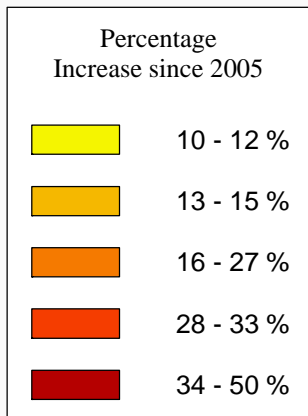
At this particular moment in the economic/political history of the oPt, relevant aid tools become essential to introduce some elements of sustainability in people's livelihoods, enhancing their capacity to react to shocks and stresses in ways which are - to the most possible extent - economically effective, socially equitable and environmentally sound. The creation of temporary employment opportunities and cash assistance acquire primary importance in a context of restricted movement of people and goods, increasing unemployment, and widespread liquidity crisis both at the macro and household level.

The positive multiplier effect on the local economy is common to job creation and cash assistance, both aid instruments reviewed here. They will contribute to relieving beneficiaries from pressing concerns in the satisfaction of basic needs, provide them with a resource base on which to build their potential, and ultimately lead to an injection of money in the local economy. In some cases, a further link is established, to support the enhancement of skills and expertise of youth below higher education levels through cash assistance/temporary stipends in exchange for on-the-job placement. While increasing employability prospects of beneficiaries, targeted short term interventions contribute to counteract economic and social marginalisation. The choice on whether employment creation or cash



Food Insecurity in the occupied Palestinian territory

CAP 2006 - Revised Emergency Appeal



The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

assistance is to be adopted will vary according to the needs, composition, specific assets and skills of targeted households. The projects presented in this sector provide a coherent and holistic, though multi-dimensional, response to the current crisis, identifying the provision of income as one among the important tools to alleviate conditions of present distress.

2.3.2. Food security

Sector Situation Update

Escalation in poverty, combined with market price increases of basic food commodities, exhaustion of coping strategies and the loss of animal protein from the diet; have reduced access to food and have increased reliance on relief assistance.

While the NAF assessment at the end of 2005 identified 37% of food-insecure people in oPt, the latest WFP/FAO food security update (May 2006) foresees a 14 percent increase in this figure by June 2006 to 51% food insecurity. The food security sector has identified three main trigger factors accentuating food security levels: (i) the cut in PA direct payment and suspension of tax revenue payments; (ii) increased closures/affects of accelerated barrier construction and; (iii) effects of avian influenza combined with fishing restrictions. While these trigger factors remain food insecurity will continue to rise at a sharp rate with an adverse impact on vulnerable groups.

The cut in PA direct payment and suspension of tax revenue payments

- The cut of PA direct support is directly affecting all sectors of society in oPt, exacerbating an already difficult situation. The financial crisis has resulted in:
- Delayed payment of over 152,000 PA employees; low level income employees with no savings are the most affected.
- Halt of cash assistance payments to the approximately 45,000 families (Social Hardship Cases) from the MoSA (since February 2006); increasing their reliance on the timely delivery of WFP rations);
- Reduction in support to the extended family members of the PA employees (estimated at over 1,000,000 people) who are dependant on their relatives' charitable contributions. These people are now facing severe difficulties covering their basic food needs;
- Critically low levels of cash in the local economy and increasing signs of a severe economic recession affecting markets and agricultural production cycles.

Increased closures/affects of accelerated barrier construction

- Repeated and extended closures since January 2006 have prevented increasing numbers of employees from having timely access to their place of work and farmers to their land affecting their income and threatening their livelihood.
- In the West Bank, and particularly in the Gaza Strip, the impact of closures and trade restrictions on suppliers is resulting in increasing market/food trade disruption and fragmentation, a shortage of basic food commodities combined with the cut in PA payment is contributing to a liquidity crisis which, in turn, affects the purchasing power in local economies.
- Furthermore continued land expropriation and destruction of livelihood assets to make way for the West Bank Barrier and settlement infrastructure continues to constitute a daily shock to household economies with a high impact on poor families.

Effects of avian influenza combined with fishing restrictions (Gaza Strip only)

- On 22 March, the Palestinian MoA officially confirmed the presence of the H5N1 strain of the Avian Influenza virus in Gaza Strip and the culling of 399,315 birds followed. No human cases have been confirmed so far. The outbreak threatens over 2.2 million poultry in the Gaza Strip. Owing to the loss of chicken from the diet, Gazans have been forced to search for alternative sources of animal protein such as beef, lamb and fish. Beef/lamb supplies have been severely impacted by the avian flu epidemic and the closure of Karni and prices have already doubled.
- Fish supplies are becoming an issue of concern as the avian flu, combined with the Karni closures, reducing fish imports, have more than doubled the local demand for fish, increasing the pressure on Gaza fishing grounds. The Gol restricts fishing grounds to 6-10 nautical miles from the shore despite an agreement under the Oslo Accord for 20 miles of fishing grounds;

the resultant over-fishing of this important breeding area, combined with pollution has led to a critical depletion of fish stocks. This threatens some 35,000 people in Gaza who rely on fishing as their primary livelihood and income source, and the food security of the wider population.

- WFP is concerned about a decline in the protein intake of the poorest families in the Gaza Strip, resulting from the loss of poultry from their diet and the rising prices of alternative animal proteins.

Impact on increased food insecurity and reduced means to survive the crisis

- The current crisis in the oPt has affected not only the food insecurity of Palestinians but also their means of survival. Poor families who used to be able to cope in times of hardship are now facing increasing difficulties to cover their families basic food needs:
- The liquidity crisis and widespread nature of the current crisis has affected the available coping strategies of beneficiaries. A widespread coping strategy in the oPt is the use of social capital (borrowing between families and communities vis-à-vis informal credit/loans); however this has become progressively exhausted through the current crisis as the majority of people are suffering from the reduction in income.
- Another common coping strategy is credit from local shops, but small shops and businesses are unable to absorb the shock of the greatly increased demand for credit and lack of cash which is fracturing their trade relationships and threatening the future of their business.
- Thus many shops are now refusing credit from PA employees. Attempts to sell productive assets (e.g. animals, land), household assets (e.g. car) and private assets (e.g. jewellery) have now become limited by the liquidity crisis. This leaves affected families with few options to survive the current situation other than incurring debts, withdrawing children from school, cutting down expenses on health services and reducing the number and quality of meals.

Impact on nutritional status

- The most food insecure sectors of society continue to be those with heightened nutritional needs and poor income sources: households with many children, poorly educated people and the elderly. Pregnant/lactating women and children are one of the most vulnerable segments of the population in the present crisis as iron deficiency (seriously affecting pregnant women and having a direct negative impact on their child), lack of vitamin A, (causing blindness especially in children) and iodine deficiency are common nutritional problems in oPt.
- According to the CARE/John Hopkins Nutrition Assessment (2004), 22% of children between 12 and 59 months suffer from vitamin-A deficiency and another 53.9% are borderline deficient. The present crisis, limited access to food, is likely to contribute to higher micronutrient deficiencies and potential rise in wasting (weight-for-height) and stunting (height-for-age).
- WFP, UNICEF and WHO are working together to put in place a nutrition monitoring surveillance system in order to monitor increased rates of wasting and stunting. This will help WFP and UNICEF to make timely programming decisions with regard to the potential needs for general food distributions supported by selective feeding (SFP/TFP).

WFP and FAO have identified five additional groups of vulnerable people who may be at increased risk of worsening food insecurity due to the current deteriorating situation. The most affected members of society continue to be those with heightened nutritional needs and poor income sources: households with many children, poorly educated people, lactating and pregnant women and the elderly. Overall, the emerging food insecure are those groups most affected by the current crisis: (i) social hardship cases; (ii) low income PNA employees who provide public services; (iii) small shop owners and employees and; (iv) small farmers and agricultural labourers. As a coping mechanism to restricted economic access to food, vulnerable groups typically resort to reducing the quantity and quality of daily meals – which not only reduces daily caloric intake but also the overall nutritional value (quality) of food consumed.

Field reports indicate an increased pressure for relief assistance as a growing number of people are applying for social services support. MoSA reported having 250% more applicants on the waiting list of their social hardship cases programme. WFP field staff have reported a dramatic increase in pressure at distribution points from people requiring food.

Revised Sector Strategy

Food Aid

In the current context, food aid will have to be increased. Food assistance to non refugees through WFP currently assists the most needy food insecure people in both Gaza Strip and the West Bank through a combination of free food distributions, Food for Work/Training and institutional feeding. WFP currently aims to assist 480,000 beneficiaries and this caseload is being revised upwards to 600,000 (throughout the remainder of 2006) in order buffer the most vulnerable from the sharp rise in food insecurity and respond to increased needs. This is aimed at reducing the impact of the crisis on their livelihoods and helping to prevent exhausting of coping mechanisms/ increasing use of negative coping mechanisms. WFP will also retain emergency stocks to respond to any further escalation of the food security situation. Also in line with the interagency multi –sectoral response to the outbreak of Avian influenza in oPt, WFP will provide supplementary canned fish/meat to the food basket targeting the poorest non refugee families in the Gaza Strip to compensate them for the loss of poultry -the cheapest source of animal protein.

UNRWA are planning to increase the emergency caseload from 210,000 refugee families in the Gaza Strip and West Bank (1,075,000 persons) to 240,500 families (1,226,000 persons). The expansion of the programme is aimed at providing assistance to those most affected by the PA's fiscal crisis and increased movement restrictions, to counter problems of inadequate nutrition and economic access to food. UNRWA is also seeking to procure buffer stocks for one round of food assistance in Gaza (to 158,000 refugee families) to counter the effects of expected closures at Karni which have led to delays in the implementation of the food aid programme over the course of the *intifada*.

Livelihood Support

Oxfam will support poor small scale livestock farmers in the West Bank through water and fodder distribution in response to the drought in Southern Hebron (2,750 beneficiaries and 27,500 animals). Oxfam will also conduct small livelihood projects in Southern Hebron and Gaza Strip (21,800 beneficiaries).

Rural support to women

Training and financial support to isolated rural communities who are vulnerable to severe destruction and/or isolation with the aim of creating assets, building skills and improving agricultural and income-earning opportunities.

Further food security responses

Changes will be needed in both the quantity and frequency of food aid distributions if the current humanitarian crisis worsens, based on current monitoring tools and assessments. Composition of the food aid ration may require an increase in protein intake, particularly for children under 5, lactating and pregnant mothers. However, the actual WFP programme response will depend upon contextual factors, such as security and access, the implementation capacity of partners and resource constraints.

Future non-food response, such as cash voucher schemes, should be explored for urban areas in order to improve consumer purchasing power (food access), and in turn, support local markets and shopkeepers.

WFP and FAO will be conducting a Comprehensive Joint Food Security Assessment in August 2006 to revise target groups and priority areas of intervention. Based on this assessment, and the wide ranging impact of the current crisis on food security, a range of new approaches may be required.



Gaza Situation Map

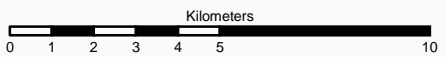
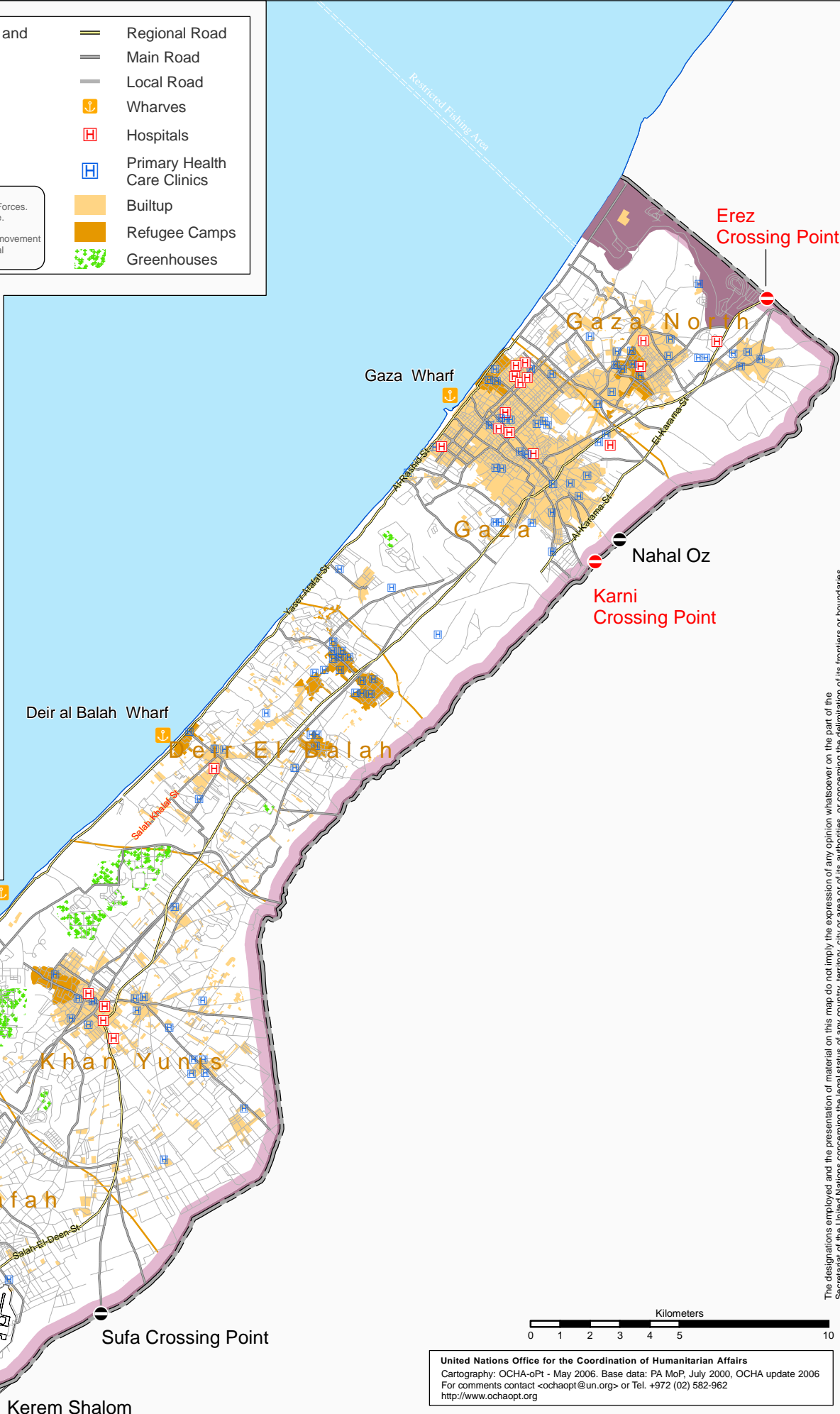
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May 2006

	150 metre Buffer Zone and Northern No-Go Zone		Regional Road
	500 metre Buffer Zone		Main Road
	Major Crossing Points		Local Road
	Minor Crossing Points		Wharves
	Double Wire Fence with Watch Towers		Hospitals
			Primary Health Care Clinics
			Builtup
			Refugee Camps
			Greenhouses

Buffer Zone
150 to 500m buffer imposed by the Israeli Defence Forces. Movement is restricted by frequent IDF warning fire.

Northern No-Go Zone
Covering the disengaged northern settlement bloc, movement in this area is restricted to residents and International Organisations since 28th December 2005.



United Nations Office for the Coordination of Humanitarian Affairs
 Cartography: OCHA-oPt - May 2006. Base data: PA MoP, July 2000, OCHA update 2006
 For comments contact ochoapt@un.org or Tel. +972 (02) 582-962
<http://www.ochaopt.org>

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2.3.3. Agriculture

Sector Situation Update

The significantly important role of the agriculture sector⁴⁷ in the Palestinian economy and food security is highly jeopardised by the currently degrading situation, as is its shock-absorber function for rural families in times of economic crises. The many problems faced by the agriculture sector since the beginning of the conflict have been considerably aggravated since the beginning of January 2006, as a result of the combination of the factors described below. This has severely disrupted markets and negatively impacted food security in the oPt, jeopardising the livelihoods of the farmers - and consequently of the most vulnerable Palestinian populations.

Increased restrictions in the movement of people and good

The significant increase in the number of checkpoints in the West Bank (from 376 in August 2005 to 515 in mid May 2006⁴⁸), the increasingly frequent closure of the Karni crossing into the Gaza Strip⁴⁹ and the extension of the Barrier by the Gol have drastically impacted the movement of populations and goods within the oPt and to Israel. Similarly, it undermines the work of support institutions and their reach to the most vulnerable populations. Moreover, the unreliable movement of goods represents a major obstacle to markets for agricultural products, as most of the goods exported are perishable items (strawberries, tomatoes, flowers and carnations). Farmers' reduced access to markets (Palestinian, Israeli and international) generates high losses (mainly for Gazan farmers) and massive distortions and variations in price for seasonal commodities (especially for urban traders), which in turn create strong repercussions on both food security and agricultural activities by farmers. The construction of the Barrier continues damaging land, destroying trees and the environment, impeding markets, generating unemployment and increasing poverty and food insecurity. It has recently been reported that poverty rates have raised dramatically in Palestinian rural communities in the last few months, especially in the Jenin District

Increased restricted access to land and water resources

The closures, confiscations and destructions of land⁵⁰, wells and agriculture water harvesting cisterns result in an increasingly risky and difficult access to water. This is of particular concern in areas of high horticultural potential, such as Tulkarm/Qalqilya and the Jordan Valley. The combination of these factors with the control of Gol over water resources and the decline of annual rainfall (mainly in rangeland areas) seriously threaten the continuation of agricultural activities.

PA financial crisis

The PA salary crisis following the January elections means a lack of local purchasing power/cash, disrupting local markets, labour and the overall trade and economy in the oPt. This will severely impact the agriculture employment market.

The technical assistance and monitoring provided by the MoA in the oPt would be undermined further should the PA fiscal crisis continue. Farmers will lose the regulatory and advisory functions performed by the MoA's extension agents in the field, exposing them to private sector pressures, which could generate further environmental impacts (e.g. mis-use of pesticides) and negative economic consequences for the farmers.

Massive recession of the Palestinian economy

⁴⁷ In 2005, the agricultural sector was ensuring job opportunities and employment to 136 383 workers and 14 000 private business establishments. Its contribution to employment had risen from 13% in 1995 to about 16% in 2005. Agriculture has provided work for more than 39% of those working in informal sectors and supports a significant proportion of Palestinian families who cultivate their lands for livelihood. Nitham Ataya, 2005, *Agriculture is a Key Pillar in the Palestinian Economy*, Palestinian Agricultural Relief Committee (PARC); *Needs assessment framework, Food Insecurity*, 2006, UN Agencies.

⁴⁸ OCHA.

⁴⁹ OCHA reported in April 2006 that the Karni crossing was closed for nearly 60% since the beginning of the year.

⁵⁰ According to the Ministry of Agriculture, a total of 79 270 dunums of fruit trees, greenhouses and fruit and vegetable in open field was confiscated and/or destroyed in the oPt between September 2000 and April 2005, with a total estimated loss of US\$340 million.

The closure of Karni crossing into the Gaza Strip has already resulted in high losses for Gazan farmers. The loss of export capacity generated a surplus of agricultural goods in the market during early 2006. The prices have consequently dropped so low that they no longer cover costs of production (transport and labour). The Palestinian Trade Centre (PalTrade) has estimated daily export revenue losses at approximately \$ 600 000 per day. Moreover, the banking crisis will have devastating consequences on the Palestinian economy, which conducts nearly 90% of its trade with and through Israel⁵¹. Without the corresponding banking agreements with Israeli banks, Palestinian banks that conduct the trade between the private sectors of both sides will be incapable of facilitating modern trade and will no longer be able to deal with the global banking system. Trade between Israel and Palestine will be gravely affected⁵². This, combined with the current cash crisis - with the Israeli Shekel in short supply in the oPt - threatens to collapse the private sector of the Palestinian economy.

Disruption of labour market

The private sector starts to feel the impact of the lack of liquidity and the diminished purchasing power. In addition to increased external closure of the oPt, work permits issued by the GoI have decreased and will continue doing so following the GoI policy to phase out by the end 2008. Furthermore, the terminal at Karni crossing generally provides work for 4,000 Palestinian workers and 300 truck drivers - who do not receive their salaries when Gazan produce is not sold due to the closure.

Lack of access to agricultural inputs, especially in the Gaza Strip

Following the repetitive closures of the Karni crossing, the 65,000 family farmers in the Gaza Strip are unable to procure basic production and agricultural inputs imported from Israel, such as seedlings, chemicals, plastics, irrigation equipment for the upcoming seasons. Most of them have a seasonal use and must be ordered in the spring and summer. Normally, in the Gaza Strip, assistance is provided by the Agricultural Cooperatives that purchase production inputs for their 20,000 farmer-members and collect payment at harvest time. However, following two consecutive seasons of losses due to the Karni closure, the Cooperatives lack the financial means to do so for the upcoming 2006/07 season. These inputs are required to prevent a mass collapse of the food production system and of the livelihoods of farmers as well as a further market disruption.

Disruption of food markets

As a result of the combination of all the above-mentioned factors as well as the fragmentation of the West Bank, the increasing isolation of the oPt, the high transaction and transport cost and the trade and tariff barriers imposed by the GoI on agricultural Palestinian products (that heavily reduce their competitiveness), retailers in poor and isolated areas are unable to secure food supplies. Moreover, there are frequent reports of Israeli products over-floating Palestinian markets. In the Gaza Strip, the PA department of fisheries has announced that, should the fishing zones allowed by the GoI remain unchanged, over-fishing would threaten the overall fishing industry of becoming unviable by October 2007⁵³. This would in turn severely compromise the employment of the 35,000 people reliant on the industry in the Gaza Strip and create serious food security and nutrition concerns.

Avian influenza (AI) outbreak⁵⁴

The AI outbreak that occurred in the Gaza Strip during March and April is currently under control, following the culling of 399,315 birds in 45 farms and the implementation of several human and animal health related measures. However, in the current environment and due to the specificity of the Gaza Strip, the virus threatens to have considerable impacts in terms of socio-economy, public health, agriculture and nutrition, should new outbreaks occur. It could generate a dramatic humanitarian situation and a severe economic decline. The poultry industry viability, already compromised since 2002 by the ongoing situation, has further been severely impaired by the AI crisis, particularly by the loss of consumer confidence. Due to the overall economic decline, the viability of this sector cannot be restored in a foreseeable future. With the aim of urgently addressing this particularly pressing issue, a UN inter-agency framework for AI and pandemic response in the oPt was developed separately from the CAP revision.

⁵¹ Israeli/Palestine Center for Research and Information, 22 May 2006.

⁵² The PA imports from Israel the equivalent of billions dollars a year and exports to Israel US\$1 billion a year.

⁵³ WFP Market monitoring on Avian Influenza and fisheries, 1 April 2006.

⁵⁴ UN agencies and relevant partners are addressing the Avian Flu situation and subsequent needs in a separate response plan and appeal.

The decrease of availability of food supplies on markets (especially staple food commodities) increases the food insecurity and leads to negative coping strategies and potentially to nutritional imbalances.

Revised Sector Strategy

It is of utmost importance to invest in Palestinian agriculture in order to tackle some of these issues that dramatically affect the agricultural sector and the populations who depend on farming livelihoods. The agricultural sector in the oPt, flexible by nature, is a source of sustainable employment, income, economic stimulation, food security and nutrition for a considerable portion of the Palestinians and has represented the main coping mechanism in rural areas. Moreover, a large proportion of the basis for food aid is locally procured. Investing in agriculture will also increase employment opportunities for women and will empower them economically, especially in rural areas.

Projects of FAO/UNDP-PAPP and the NGOs Centro Regionale d'Intervento per la Cooperazione (CRIC), JUHOUD for Community and Rural development, PARC and Action contra el Hambre (ACH) are addressing the most urgent agricultural needs faced by the Palestinian farmers - including women and Bedouins: emergency employment generation through land development activities; support to fishermen in the Gaza Strip to restore their activities following the disengagement; emergency relief for most vulnerable farmers and restoration of a minimum capacity of horticulture production, animal husbandry and marketing. Supporting farming households is expected to directly improve women and children's nutrition, while expanding the productive base for vulnerable families and containing humanitarian workload upscale. Diversification and self-sufficiency at household and community levels will be supported through the implementation of the projects, as well as local production and markets revitalization. The projects aim to help rehabilitate these sectors and improve people's livelihood and living conditions by stimulating employment, food production and cash generation, thereby supporting local economies and reducing poverty, malnutrition and food insecurity.

UNDP and FAO have jointly formulated and will fundraise and implement projects under the revised CAP in the oPt. This approach aims to combine UNDP's implementation experience with FAO's technical expertise to enhance the quality and effectiveness of projects. ACH, PARC, CRIC and JUHOUD for Community and Rural development are also participating to the CAP revision with six projects for a total amount of US\$ 5,075 930.

2.3.4. Health

Sector Situation Update

Since the preparation of the CAP in the last quarter of 2005, several events happened that are currently affecting the humanitarian needs of the Palestinian people. In particular, the freeze of financial support to the PA and of VAT transfer from Israel is currently the most worrying situation faced by the health sector. The crisis facing the MoH includes the following parameters:

- Civil servants salaries have not been paid for the past three months, although currently still going to work for most part. However, work attendance levels may drop rapidly;
- Stocks of medicines are running short, according to the MoH 77 essential drugs are already out of stock. The MoH requires \$ 4.5 million per month in order to cover non-salary expenses, such as medicines, consumables and running costs;
- Health services are compromised, the lack of fuel and other operating supplies is already affecting the capacity of the MoH and health civil servants to continue their normal operations; large scale programs - for controlling epidemics such as the Avian Flu - will be critically weakened, with severe consequences not only for the Palestinian population but also for neighbouring countries.

This will lead to a severe deterioration in the provision of public health services, and will compromise the integrity of the health system, in addition to the already existing access problems. As a consequence, the demand on UNRWA services will increase due to an influx of refugee population which normally uses MoH services. The selection of beneficiaries based on their refugee status – according to the UNRWA mandate - will create a wide inequity in access to health care.

This situation puts the MoH at a greater vulnerable position when needed to cope with the increased restrictions in people's and goods' access and movement within the West Bank and to and from Gaza,

including the transfer of material at Karni crossing and the accelerated construction of the Barrier. Restricted access will contribute to problems in utilisation of services as well as the referral system in addition to shortages of medical supplies. The availability of approximately 12,000 MoH staff in the West Bank, will be considerably hampered in areas of the West Bank. The MoH is also in difficulties to cope with the deterioration in the security situation, as a result of the weak enforcement of law and order, especially in the Gaza Strip. The situation will also jeopardize the MoH's ability to monitor the emergency context with accuracy.

Within the current situation, the major concern is that a collapse of the MoH will affect the Palestinian population across all sectors of society equally. However, it is worth mentioning that the population that was already considered vulnerable at the end of 2005 will have a greater vulnerability during the coming period. Namely patients affected by chronic diseases, in need of long term treatments – specifically cancer patients-, complicated cases of pregnancy and delivery and childhood illnesses. Equally, the concern over the exhausting coping mechanisms of vulnerable groups (poor and unemployed) has a greater relevance in this context, specifically because if the public health system cannot provide them services they are least likely to be able to attend private health centers. Also, concern remains for the areas traditionally affected by incursions: Northern West Bank and Hebron as well as the increased internal struggle mainly in the Gaza Strip.

In the current situation, a shift towards private provision of health care will be highly detrimental for the equity, efficiency and quality of care, as it is well known from experiences in similar contexts. In any case, at its current level of resources, the NGO sector does not have the capacity to absorb in a short-medium term the huge demand for health care that would emerge from a lack of public services. Beyond the provision of services, the sudden absence of stewardship of the public authority in ensuring key functions like monitoring of health status, sanitary controls, early detection and response to outbreaks, and effective health sector coordination will contribute to the rapid degradation of health services provision.

Revised Sector Strategy

The set objectives of the CAP 2006 are related to strengthening the public health system and improving the national capacity to deliver effective, quality services. In the specific context it was defined for at the end of 2005, humanitarian actions were meant to complement larger development-oriented interventions, including policy development and health system reform. The withdrawal of financial support to the PA, and the threat to maintain the functionality of the public health system, places the need for a reformulation of the objectives for the humanitarian actions towards by preserving the key outcomes and functions of the public health system, through adopting an aid strategy that does not undermine the existing system.

In particular, the sector strategy is looking at:

- Supporting the MoH to guarantee universal coverage to health services, by ensuring availability of sufficient supplies and preserving the capacity of the MoH to provide health services and maintain its stewardship role.
- Preserve the MoH capacity to maintain the provision of health services, its coordinating role, its capacity to monitor health status and its capacity to continue working in areas such as communicable diseases, non communicable diseases, reproductive health, nutrition, vaccination programmes, emergency preparedness and response and environmental health programmes.

Providing support to the MoH for logistics management and monitoring of the health emergency situation on access to quality services and the general health status of the Palestinian population will be part of the UN role in assistance. UN agencies also have a pivotal role in advocating and conveying key health concerns to the international community.

Interventions aimed at strengthening areas like maternal health and management of chronic diseases, which were previously seen within the development framework, are been addressed in the revised strategy. However, it is important to consider that the proposed response can only be viable if the salaries of health care workers are paid.

2.3.5. Psychosocial support and child protection

Sector Situation Update

The first five months of 2006 saw a worsening in levels of violence experienced by Palestinians. The number of Palestinians killed and injured, including children and adolescents, has more than doubled between January (14 people) and April (31 people), with most of the casualties from Ramallah, Nablus, Hebron, Jenin and Northern Gaza. The number of children in Israeli detention has also risen. Within this violent context, rising impoverishment and non-payment of salaries is an additional source of stress and tension for approximately a quarter of the population who is dependant on PA wage earners, and might therefore be a trigger for more violence in homes, schools and communities.

Enhanced mobility restrictions further isolate families from their support networks, limit their access to remaining services and undermine their coping mechanisms, including access to work outside the area of residence. Women suffer the pressure of the increasing economic burden and are increasingly seeking to contribute financially to the family, but they suffer from lack of skills, experiences and/or access to services and resources. The Gaza Strip – under very strict closure and where the population is subjected the regular shelling, shooting and sonic booms – is very severely affected. In addition, the possible limitations in the PA's capacity to ensure security might give rise to intensified internal disputes and constitute an additional risk factor.

Civil servants continue for now to report to their workplaces daily but if, in the longer term, public services remain unfunded, the rise in insecurity will be combined with a likely deterioration of preventive and recovery services for those affected. Concretely, in terms of protection and psychosocial well-being, this entails a risk of interruption of school counselling in PA schools, a gap in the provision of psychosocial and mental health services by the MoH and a cut in the social protection services to vulnerable households by the MoSA. It is likely that some NGOs might cater for some of these needs but significant gaps would remain. There is also a risk that services now provided free of charge would have to be paid for by users which would severely impact the marginalised and excluded families.

Emerging/increasing threats and risks

Violence in homes and increasing needs for psychosocial support: During the period February to May 2006, numerous teachers, medical staff, social workers and other professionals have been reporting an increased number of cases of child abuse, reflecting the heightened tension in homes as a result of the above. Many are observing a rise in aggressive behaviour, lack of concentration and anxiety among children. Organisations working in the psychosocial and mental health fields have also witnessed an increase in requests for support. For example, the number of adults who have received mental health treatment in the MoH Community Mental Health Centers has gone from 533 to 629 cases in Hebron and from 282 cases to 360 in Ramallah.

Detention of Palestinian children in Israel: The number of children detained in Israel has continuously increased over the last months, from 319 in January to 371 in April i.e. a 16% increase. Children from Ramallah and Nablus amount to almost half of detainee children. The increase in detention numbers is probably a result of, at the same time, a tightening of security measures from the Israeli army and higher numbers of children putting themselves at risk of arrest. The necessity for families to spend time in finding alternative ways to cater for households needs also leaves numbers of children without supervision.

Child labour: While child labour has not been a major area of concern in the oPt so far, it is now feared that impoverishment would lead to more children having to bring an income into the household and even, possibly, to higher drop-out rates. Although no recent (i.e. 2006) statistics is available on the topic, anecdotal evidence seems to indicate higher numbers of children working in the streets. Closures, including of Erez and Karni in Gaza, lead for employment loss for fathers, hereby also pushing children into work.

Safety and injury risks, including landmines and small arms: With the high insecurity, households seem to be increasingly storing weapons at home, hereby exposing children to the risk of accidents. Landmines and remnants of war are also still prevalent, especially around military zones and settlements. 21 Palestinian children have been killed due to the conflict since the beginning of January.

Revised Sector Strategy

- Preserve full capacity for psychosocial emergency preparedness and response and ensure sustained access to psycho-social services for populations in need, with a special focus on those most affected by impoverishment and those living in areas prone to internal and external insecurity – especially Gaza; promote outreach to the most isolated areas and areas most affected by movement restrictions and in the vicinity of the Barrier, ensuring equal access to women and girls;
- Reinforce families and communities in their protective role towards their most vulnerable members, including women and children. Families – as well as communities around them – are at the forefront in promoting children’s psychosocial well-being and protecting them against abuse and violence. To the extent that they feel that their families are able to protect them, children’s ability to cope with violence is likely to be increased;
- Empower and enable children, youth and women to fully participate in improving the lives of their communities. Fully-fledged participation is a way to bring a sense of meaning in people’s lives, to decrease their frustration and to reinforce their ability to cope with difficult living conditions. Opportunities for participation in community life is also a strategy to prevent violent behavior and helps young people develop skills, build competencies, form aspirations and gain confidence;
- Build the capacity of professionals in protecting children, women and other vulnerable groups against abuse and violence; address the psychosocial needs of teachers as a strategy to keep girls in school; build the capacity of children and their communities to protect themselves against unexploded ordinance and remnants of war;
- Use well-established and accepted psychosocial projects as strategic entry points to address issues of abuse, exploitation and violence in general. As much as possible, build on this family and community outreach capacity to lay the ground for the future development of a social protection system in the oPt; initiate a comprehensive approach to addressing child abuse in order to cater for the large number of cases in a sustainable manner.

2.3.6. Water and sanitation

Sector Situation Update

No major improvements were recorded in the overall water and sanitation situation in the oPt in the first half of 2006. The current climate of isolation of the PA is making matters worse; Israel has refused to hold Joint Water Committee (JWC) meetings since the new PLC has been sworn in and the JWC will probably not meet again until discussions at political level resume.

As a result, more projects are put on hold, further weakening the ability of the Palestinian population to access safe water in acceptable quantities. A number of key water and sanitation infrastructure projects have recently been suspended all over the West Bank and the Gaza Strip further to the donors’ decision of discontinuing funding to the PA.

Furthermore, increased closure and fragmentation of the West Bank and the Gaza Strip as well as tighter import policies increase the costs of project implementation and hamper the ability of NGOs and other actors to address the needs.

The very poor hydrological season in the southern West Bank this year (a mere 63% of annual average rainfall) is putting all communities in the eastern and southeastern parts of Hebron Governorate at risk. Very little rainwater was collected and the budgeted cost of water for these already poor families until the next rain is too high for them to ensure adequate supplies of clean water for family and animal consumption.

The following are the main areas of vulnerability and need:

- *Barrier*: Water and sanitation needs are most urgent in areas affected by the Barrier, in particular the Bethlehem, Jenin, Qalqiliya and Tulkarm areas.

- *Jordan Valley*: Increasingly restricted access further isolates the Palestinian communities living in the Jordan Valley and restricts their ability to access sufficient quantities of clean water and dispose of their wastewater and solid waste.
- *Communities without water networks*: With the deterioration in the economic situation in recent months many Palestinian households, particularly the chronic and “new” poor, cannot afford to buy enough supplies to cover basic domestic needs. The price per cubic meter of tankered water has consequently increased in almost all communities. Palestinian Hydrology Group (PHG) data (collected in a sample of 84 communities) indicates that prices have already risen from an average 11.09 NIS in 2005 to 14.03 in April 2006.
- The water *quality* will also be compromised as the monitoring system the PWA and the municipalities will be undermined as a result of financial and capacity constraints resulting from recent international and Israeli decisions to interrupt transfer of funds to the PA.
- *Reduction in water supplies*: As a result of the increase in debt associated with a decrease in fees collection, there is a high risk that municipalities might not be able to buy fuel and operate their own wells in the near future, leaving a large number of population with no or very limited and intermittent water supplies.
- *Pollution*: If the ongoing commitment to fund rehabilitation and construction of new treatment plants stops, then there is a high risk that the existing facilities will not be able to absorb any new wastewater quantities. The risk is particularly high in the Gaza Strip. As a result, the water resources mainly the aquifers and the springs are at risk of irreversible or very costly damage.

In addition, very low water consumption among un-served communities and increased wastewater and solid waste related pollution put a large number of the communities, and particularly children, at a high risk of contracting water born diseases, such as hepatitis A, diarrhea, parasitic infestation and cholera.

Revised Sector Strategy

The overall goal is to secure and ensure the continuation of the water supply to vulnerable Palestinian communities and to reduce and / or alleviate the burden on the marginalised communities as a result of the high cost of water, which consumes a large portion of their income. Improving the water supply would also improve the hygiene and sanitation status. This could be achieved through the rehabilitation of water supply infrastructure (water networks, main transmission pipelines, pumps, boosters, water reservoirs), finding new sources of water supply for those communities that are served through tankers, rehabilitation of wells, rehabilitation of springs, installation of collection cisterns at household or community levels, raising awareness and capacity building.

Agencies involved in the CAP revision, such as PHG, UNDP and Oxfam GB, have determined the specific objectives:

- Secure the provision of water to the most vulnerable communities throughout the West Bank and the Gaza Strip, mainly those located near the separation Barrier, in the southern areas affected by the drought and in the Jordan Valley;
- Improve the water supply system for the marginalised communities, mainly un-served ones or those that are dependent on the water trucking or harvesting cisterns as the only means to cover their domestic needs;
- Reduce the losses in the water networks and other water facilities; accordingly additional water would be available and the per capita consumption would be increased;
- Alleviate burden on more than 50% of the Palestinian population that cannot afford to pay for their water consumption;
- Improve health and sanitation conditions for those communities who do not have adequate wastewater services;
- Improve the socio-economic condition for communities living in most critical situation.

2.3.7. Education

Sector Situation Update

Since the Palestinian elections in February, there has been a sharp deterioration in the humanitarian situation. Like others, Ministry of Education and High Education (MoEHE) staff have not been paid for the last three months, which leads to increasing absenteeism and impromptu. This has generated direct impact not only to the daily life but the normal pattern of education.

Furthermore, according to OCHA, the number of physical obstacles in mid May 2006 is 515 from the figure of 376 in August 2005. Further mobility restrictions and internal closures within the West Bank and in Gaza, will negatively impact on access to schools for children, students (including university students) and, teachers. Eventually this leads to a limited access to quality of Education For All (EFA). The sector (education) should keep ensuring and monitoring the progress related to the EFA agenda.

The UN and NGOs in spite of the available funds do not have the physical resources to meet the growing gaps in the education sectors with marked deterioration in the delivery and quality of service. Following the PA fiscal crisis, a shift in PA priorities may be to the detriment of resources dedicated to education (Millennium Development Goal 2).

Overall impact resulting from the level of PA funding

- The PA fiscal crisis has already begun to affect the daily function at the central and Governorate level in the overall education system. Insufficient funds to maintain office equipment and official travel and supervision by MoEHE's staff have had to be cancelled or rescheduled;
- Limited support has disturbed the normal teaching and learning pattern. More assistance to some temporary approach/institution may result in a sever challenge or even collapse of the existing education system. PA officials believe that this may create insecurity or even crisis for the whole territory;
- Teaching and learning is negatively affected by lowered staff morale lack of salaries. It is observed that increased delay or cancellation of teachers to classroom teaching, which affect immediately the quality of service delivered in school education;
- The MoEHE oversees more than 80%of all schools including tertiary education. Reopening the new semester in September 2006 can be very uncertain due to the limited funds available from the parents and communities as school maintenance requires 50% of school fees contributed by parents;

Assumptions related to Palestinian needs and institutional capacity to function

The primary objectives of this CAP remain unchanged i.e. ensuring that all school aged children, especially girls have access to quality education and complete their learning; ensuring that the teacher education system is set up and teachers are professionally empowered to deliver quality education service; Other education alternatives including technical and vocational educational training (TVET), and related extra-curricular activities are developed to meet the needs of students and teachers in the most affected areas.

However, it is evident that the humanitarian consequences in the education could be more severe. In addition to the quality issue in education, new efforts have to be made to meet the basic humanitarian needs such as shoes and clothing for the poor children in order to maintain retention rate and encourage students continue with their learning. The PA should continue to play its crucial role to manage the education system while agencies like UNESCO and UNICEF will assist in the delivery of education service with expected quality.

Revised Sector Strategy

The UN and NGOs in spite of the available funds do not have the physical resources to meet the growing gaps in the education sectors with marked deterioration in the delivery and quality of service. To prevent further deterioration of the overall situation in education and maintain the good level of

morale and motivation among the teaching faculties to ensure quality service delivered in education, the following action-oriented strategies are made in the education sector in oPt:

- UNESCO, while continuing to develop a teacher education strategy in oPt, they have also made an appeal to conduct their implementation plan for vocational and technical education and training. This came out as the result of their survey of National Strategy for Vocational and Technical Education and Training (TVET) as a key sub-sector to address the acute needs arising from the current context which indicates the current unemployment rate is 31% (relaxed definition) but is expected by the World Bank to almost double this year. The funds will support the smooth implementation of the TVET National Strategy and prepare the students with some technical skills for career development when situation becomes better.
- UNICEF, the Development and Participation of Adolescents Project of UNICEF will set up another eleven adolescents-friendly centres to implement extra-curricular activities to adolescents who have been denied access to schools, and dropouts in areas mostly affected by restriction of mobility. The project will enhance adolescent participation, encouraging peaceful involvement in the well-being of their community.
- In addition to the compulsory items to meet the needs for the chronic emergency, the Education Project of UNICEF has revised its appeal and added the possible provision of clothing and shoes for school children especially for girls. The lack of daily necessities caused by the PA fiscal crisis and more restricted movement has started to affect the participation and retention in classrooms. It remains much more unpredictable if the new school semester opens on time in coming September unless funding sources are assured and preparation is taking place by now.

2.3.8. Coordination services

In light of the complexity and uncertainty of the current context, the coordination sector seeks to significantly:

- Reinforce its monitoring activities of the humanitarian situation on the ground,
- Maintain the production of reliable and focused information to reflect humanitarian and security facts and trends on the ground, emphasizing the analysis of the needs of the Palestinian communities and;
- Tighten the coordination linkages among the humanitarian community and the efforts towards emergency preparedness and contingency planning.
- Enhance management and coordination capacities with humanitarian agencies

The improvement of a certain number of strategic tools such as information and coordination databases and the introduction of new ones such as a monthly UN situation monitoring system will allow coordination agencies such as OCHA, UNSCO and UNRWA with close involvement and ownership of other UN agencies and NGOs to monitor the humanitarian needs, the funding and implementation progress of CAP projects. This will enable the humanitarian community to react to shortages and to assist the donor community in identifying gaps and priorities.

The coordination sector will focus its work to cope with unknown and unpredictable context changes until the end of 2006. Coordination efforts have already been made to address the dilemmas related to mitigating or not the impact of the Barrier and the closure regime on Palestinian livelihoods. OCHA and all humanitarian partners will be updating the Needs Analysis Framework (NAF) in order to strengthen the analysis of the humanitarian situation until the end of the year and to forecast the changes in needs in 2007.

3. Revised Project Overview

3.1. Breakdown by Appealing Agency

Agency	Number of Projects		Financial Requirements			
	Initial	Revised	Initial	Revised	Received	Unmet
WFP	1	1	40,434,157	52,238,584	13,477,554	38,761,030
UNRWA	10	13	95,032,432	177,029,377	48,734,183	128,295,194
UNICEF	7	9	8,420,454	22,650,185	3,306,527	19,343,658
UNDP	7	5	26,635,740	37,200,000	3,432,487	33,767,513
FAO	7	5	18,928,000	31,940,000	0	31,940,000
OCHA	1	1	2,866,100	3,500,000	1,994,275	1505725
WHO	7	10	1,901,746	28,090,962	0	28,090,962
UNFPA	5	6	1,777,000	5,133,600	250,000	4,883,600
UNESCO	2	2	1,010,000	1,548,510	0	1,548,510
UNIFEM	2	2	376,100	510,240	138,000	372,240
UNHABITAT	1	1	657,800	3,104,212	0	3,104,212
UNEP	0	1	0	1,000,000	0	1,000,000
NGOs	14	36	17,139,841	21,753,810	435,000	21318810
Total	64	92	215,179,370	385,699,480	71,768,026	313,931,454

3.2. Breakdown by Sector

CAP 2006 - Original					CAP 2006 - Review (31 May 2006)		
(January-December 2006)					(June-December 2006)		
Sector	Appealing Agency	Initial Number of Projects	Current Requirements (million US\$)	Levels of funding as of 31 May 06*	Revised Number of Projects	Revised Requirements (million US\$)	Unmet Requirements (million US\$)
Food Aid							
	WFP	1	40,434,157	13,477,554	1	52,238,584	38,761,030
	UNRWA	2	33,858,520	22,318,926	2	52,242,801	29,923,875
	UNIFEM	1	183,600	38,000	1	165,240	127,240
	CISP	0	0	0	2	1,187,000	1,187,000
	OXFAM-GB	0	0	0	1	638,675	638,675
	Total	4	74,476,277	35,834,480	7	106,472,300	70,637,820
Agriculture							
	FAO	1	440,000	0	1	440,000	440,000
	FAO/UNDP	6	18,488,000	0	4	31,500,000	31,500,000
	UNDP	2	4,200,000	0	0	0	0
	PARC	2	2,922,430	0	2	2,922,430	2,922,430
	ACH	1	393,500	0	1	393,500	393,500
	CRIC	0	0	0	1	860,000	860,000
	JUHOUD	0	0	0	2	837,600	837,600
	Total	12	26,443,930	0	11	36,953,530	36,953,530
Water							
	PHG	1	6,767,532	210,000	11	2,094,743	1,884,743
	ACH	3	1,470,000	0	3	1,470,000	1,470,000

	UNDP	2	13,435,740	0	2	15,600,000	15,600,000
	OXFAM GB	0	0	0	4	4,344,620	4,344,620
	Total	6	21,673,272	210,000	20	23,509,363	23,299,363
Job Creation and Cash Assistance							
	UNRWA tot.	5	59,377,901	24,581,264	5	114,705,528	90,124,264
	<i>Job Creation</i>	<i>3</i>	<i>46,554,107</i>	<i>18,332,012</i>	<i>3</i>	<i>86,873,304</i>	<i>68,541,292</i>
	<i>Cash assistance</i>	<i>2</i>	<i>12,823,794</i>	<i>6,249,252</i>	<i>2</i>	<i>27,832,224</i>	<i>21,582,972</i>
	UNDP	3	9,000,000	3,432,487	3	21,600,000	18,167,513
	ANERA	1	1,192,903	0	1	1,192,903	1,192,903
	CHF	1	1,789,750	0	1	1,789,750	1,789,750
	HABITAT	1	657,800	0	1	3,104,212	3,104,212
	UNEP	0	0	0	1	1,000,000	1,000,000
	CRS	0	0	0	1	1,500,000	1,500,000
	World Vision	1	850,000	225,000	1	1,500,800	1,275,800
	Total	12	72,868,354	28,238,751	14	146,393,193	118,154,442
Health							
	WHO	6	1,691,866	0	8	27,453,172	27,453,172
	UNFPA	3	1,357,000	250,000	4	4,441,000	4,191,000
	UNRWA	1	895,593	520,173	3	3,553,360	3,033,187
	UNICEF	3	3,360,000	1,200,000	3	12,488,000	11,288,000
	MdM-Fr.	2	1,215,200	0	2	591,230	591,230
	PMRS	1	376,056	0	1	227,487	227,487
	PRCS	1	162,470	0	1	80,600	80,600
	Total	17	9,058,185	1,970,173	22	48,834,849	46,864,676
Psychosocial							
	UNICEF	3	2,000,454	370,000	4	3,425,185	3,055,185
	UNFPA	2	420,000	0	2	692,600	692,600
	WHO	0	0	0	1	320,000	320,000
	MAP-UK	0	0	0	1	122,472	122,472
	UNIFEM	1	192,500	100,000	1	345,000	245,000
	Total	6	2,612,954	470,000	9	4,905,257	4,435,257
Education							
	UNICEF	1	3,060,000	1,736,527	2	6,737,000	5,000,473
	UNESCO	2	1,010,000	0	2	1,548,510	1,548,510
	Total	3	4,070,000	1,736,527	4	8,285,510	6,548,983
Coordination and Management							
	OCHA	1	2,866,100	1,994,275	1	3,500,000	1,505,725
	UNRWA	2	900,418	1,313,820	3	6,527,688	5,213,868
	WHO	1	209,880	0	1	317,790	317,790
	Total	4	3,976,398	3,308,095	5	10,345,478	7,037,383
TOTAL		64	215,179,370	71,768,026	92	385,699,480	313,931,454

* Based on financial indications provided by agencies in the field

4. Appendix

International Committee of the Red Cross (ICRC) Perspective

The ICRC is equally concerned about the deteriorating humanitarian and security situation in the occupied and autonomous Palestinian territories as a result of the unprecedented political deadlock since the Palestinian legislative elections in early 2006 and the ensuing cut-off in ties and funding for the Palestinian Authority. On numerous occasions, the ICRC has clearly stated that, under international humanitarian law (IHL), the State of Israel is responsible for ensuring that the basic needs of the civilian population in the occupied territories are met.

If the PA becomes incapacitated to deliver health and social services, humanitarian agencies may be able to alleviate some of the possible social and economic consequences but they cannot replace the PA in providing public services. This remains the primary responsibility of the Occupying Power.

The ICRC already has wide-ranging activities and a broad presence across the West Bank and Gaza Strip with 13 offices and 120 staff. It will maintain ongoing programmes and priorities as outlined in the Emergency Appeal for 2006 while at the same time stepping up its protection and assistance activities in response to emergencies. In particular, it will substantially increase support for the Palestine Red Crescent Society (PRCS), providing an additional USD 3.9 million for a period of six months. This will allow the PRCS to continue running its ambulance service, six hospitals in the West Bank and Gaza Strip as well as over 30 primary health care clinics.

The ICRC is currently working on a revised appeal that is going to be launched on 12 June in Geneva. This appeal will represent a 25% increase of the ICRC 2006 overall budget in this context and will also include, among other items, the additional support to the PRCS.