

## UNITED NATIONS SEMINAR ON ASSISTANCE TO PALESTINIAN PEOPLE

*Fostering active international solidarity with the Palestinians,  
solidifying the economic underpinnings of an independent State*

United Nations Office at Nairobi, 1 and 2 July 2014

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### Executive summary

The United Nations Seminar on Assistance to the Palestinian People was organized by the Committee on the Exercise of the Inalienable Rights of the Palestinian People within the framework of the International Year of Solidarity with the Palestinian People - 2014. Great concern was expressed about the deterioration of the situation on the ground and the financial crisis of the Palestinian Government, as well as about the stalemate in the political process. The Palestinian economy was quite small and suffered from a slowdown in growth, falling incomes, low productivity and low investment. There was high unemployment, particularly in Gaza and among youth, college graduates and women, as well as significant poverty and food insecurity. The productive sectors (industry and agriculture) had been stagnating for a long time, while the public sector boom financed by donor aid had proved short-lived. Many Palestinians had no choice but to seek jobs in Israel, in settlements or abroad. It would take 1 million new jobs in 15 years to bring unemployment to reasonable levels.

It was stated that politics drove economics in Palestine. The blockade on Gaza was unsustainable economically, politically and environmentally, particularly with respect to water and energy. Gaza had been kept alive by foreign aid. The new unity Government offered a very narrow window of opportunity to stabilize Gaza. In the West Bank, restrictions on Palestinian development in Area C had cost the economy some \$3 billion, out of the total of \$7 billion in economic losses resulting from the occupation. The easing of restrictions appeared unlikely during a stalemate in negotiations. Humanitarian access to deliver aid to Gaza and to Area C was at an all-time low.

Decentralized local economic development initiatives by municipalities could fill some gaps in the current fragmented environment. The Initiative for the Palestinian Economy sought to generate \$10 billion in private investment and a quarter of a million jobs. It closely correlated with

Palestine's National Development Plan 2014-2016, which could generate up to 12 per cent growth under the right conditions. A positive political climate was required, however, and private investors' negative perceptions of the Palestinian economy needed to be overcome.

Compounding the problems, the 1994 Paris Protocol on economic relations between Israel and Palestine had left the Palestinian markets captive to Israeli products, resulting in an exposed and vulnerable Palestinian economy. Palestinian policymakers were left without basic macroeconomic tools. With no control over borders, the Government was losing hundreds of millions in revenue to smuggling and trade-related fraud.

Even though the Palestinians received among the highest amounts of aid in the world per capita, with the United Nations alone responsible for \$1 billion worth of annual programming, aid had been unable to improve the economy or raise living standards. The donors thus faced a dilemma: would they continue to subsidize the occupation or would they take meaningful measures to end the occupation.

## I. Introduction

1. The United Nations Seminar on Assistance to the Palestinian People was held at the United Nations Office at Nairobi on 1 and 2 July 2014, under the auspices of the Committee on the Exercise of the Inalienable Rights of the Palestinian People (the Committee) and in accordance with the provisions of General Assembly resolutions 68/12 and 68/13. The theme of the Seminar was "Fostering active international solidarity with the Palestinians, solidifying the economic underpinnings of an independent State".
2. The Committee was represented at the Seminar by a delegation comprising Abdou Salam Diallo (Senegal), Chair of the Committee; Desra Percaya (Indonesia), Vice-Chair; and Riyad Mansour (State of Palestine).
3. The Seminar consisted of an opening session, three plenary sessions and a closing session. The themes of the plenary sessions were: "The socioeconomic and humanitarian situation in Palestine"; "Palestinian National Development Plan 2014-2015: long-term strategies of the State of Palestine for economic development and growth"; and "Mobilization of international assistance and its effective use for sustainable growth: towards a new aid paradigm".
4. Presentations were made by 12 experts, including Palestinian and Israeli experts. Representatives of 22 Governments, two intergovernmental organizations, 12 United Nations bodies, and three civil society organizations participated in the Seminar (see annex II).
5. The summary of the Chair on the outcomes of the Seminar (see annex I) was published soon after its conclusion and is available from the website of the Division for Palestinian Rights of the Secretariat, as are the full papers of the experts who provided a copy for distribution, at [www.un.org/depts/dpa/qpa/calendar.htm](http://www.un.org/depts/dpa/qpa/calendar.htm) or [www.tinyurl.com/ltcgexe](http://www.tinyurl.com/ltcgexe).

## II. Opening session

6. A statement was delivered on behalf of the Government of the Republic of Kenya by **Martin Kimani**, Permanent Representative of Kenya to the United Nations Environmental Programme (UNEP), United Nations Human Settlements Programme (UN-Habitat) and United Nations Office at Nairobi (UNON). In the statement, he said that the agreement of the United Nations, the European Union and numerous States and international organizations to cooperate with the new Palestinian Cabinet was praiseworthy because it meant continued support for funding of the programmes being implemented by the Palestinian Government. Kenya also called for all United Nations agencies, funds, and programmes to do even more to support the people of Palestine.
7. He stressed that the international community must also urge Israel to lift the restrictions imposed on Palestinians in accessing their own natural resources, such as water, minerals and natural gas reserves. Combined with the integration of the economies of the West Bank and Gaza this should remove the barriers to trade and market entry, opening up opportunities for joint ventures, regional projects and investment.
8. While Kenya's financial resources were limited, Kenya was working to develop closer collaboration with the Palestinian people through bilateral agreements on education, trade, culture, youth, sports and tourism. Whereas economic and humanitarian measures are important in themselves, ultimately, the suffering of the Palestinian people would only be addressed through a political settlement between the parties, which Kenya continued to support.
9. A statement was delivered on behalf of the Secretary-General of the United Nations, **Ban Ki-moon** by his representative at the Seminar, **Sahle-Work Zewde**, Director-General of the United Nations Office at Nairobi. In the statement, the Secretary-General condemned in the strongest terms the murder of three abducted Israeli teenagers and called on all parties to abide by international law and to refrain from actions that could further escalate the situation and from unilateral acts that diminished the prospects for negotiations. He also expressed concern about the recent killings of Palestinians, ongoing operations by the Israeli military, settlement activity and house demolitions. He condemned resumed rocket fire from Gaza and called on all parties to avoid any loss of civilian life. He repeated his call for immediate steps to improve conditions in Gaza and ensure a full opening of crossings for legitimate trade and movements of people.
10. While noting the importance of strengthening Palestinian institutions and improving governance, as well as shoring up support for the Palestinian National Development Plan 2014-2016, the Secretary-General reiterated the call for both sides to resume meaningful negotiations with international engagement and support, and to address the political horizon in order to avert further instability on the ground and to revive work towards achieving durable peace.
11. The Chair of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, **Abdou Salam Diallo**, stated that despite the challenges, such as the halt in the peace process, settlements, the separation wall, the plight of the refugees and prisoners, the State of Palestine continued its onward march and had acceded to 20 international conventions and treaties. He welcomed the formation of the national consensus Government, and the recent recognition by the European Union of the soundness of the Palestinian Authority's financial management procedures. The Palestinian Government was one of the more effective and viable in the region, he stated. He also expressed appreciation for the efforts of the international and regional donor communities to mobilize funds.

12. He went on to say that the African continent, known for adaptation and resilience, with some of the fastest growth rates in the world, could serve as models for Palestinian development. Nevertheless, donor fatigue remained a real concern if fundamental political issues were left unaddressed. It was increasingly difficult to convince foreign tax payers to finance infrastructure that Israel would ultimately destroy. It was time to remind Israel of its responsibilities as the occupying Power and to hold it accountable for its actions on the ground, and break the vicious cycle of the occupation that cost the Palestinian economy nearly \$7 billion each year.

13. **Mukhisa Kituyi**, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) said that UNCTAD was among the first United Nations agencies to develop a programme for the Palestinians in the 1980s. Initially focused on the cost of the occupation, the programme had moved in the direction of advisory services, analysis and capacity-building after the establishment of the Palestinian Authority, within the UNCTAD areas of expertise. UNCTAD produced the definitive assessment of the state of the Palestinian economy, which this year indicated curtailed growth, falling incomes and worsening employment and fiscal crises.

14. UNCTAD was responding by working to scale up its programmes building Palestinian capacity in customs management, trade facilitation and finance. In cooperation with the Division for Palestinian Rights, UNCTAD trained annually two Palestinian staff on issues related to the work of the United Nations. Mr. Kituyi concluded by calling on donors to step up their assistance to the Palestinian people in present times of political uncertainty, instead of scaling it back.

15. The Permanent Observer of the State of Palestine to the United Nations, **Riyad Mansour**, representing the State of Palestine, said that Africa was an important player vis-à-vis the question of Palestine, especially since Africa had experienced colonialism, occupation and foreign domination first hand. Turning to negotiations with Israel, while praising the international community, including United States Secretary of State Kerry, for its tenacious mediation efforts, he placed the onus on Israel with its settlement activities, which had grown by 123 per cent, and other detrimental Israeli actions on the ground for poisoning the climate for negotiations and leading to their failure.

16. While condemning the killing of all civilians, including the three young settlers, he said the Palestinians understood the international calls for the two sides to exercise restraint to be directed to Israel, which was invading the West Bank with tens of thousands of soldiers and imposing collective punishment. However, appeals to Israel to heed its obligations as the occupying Power had failed in the past. It was time for a different approach, and the European Union settlement guidelines, South Africa and European banks had shown the way forward, primarily by stopping dealings with settlements. While the Palestinian economy lost 7-9 billion dollars annually as a result of the occupation, Israel gained a similar amount, he contended. It was time to redress this imbalance and give Israel an incentive to end the occupation. When the occupation ended, Israel and Palestine would turn a new leaf as equals for the benefit of the region, he concluded.

17. The Permanent Representative of **Indonesia** said his country, a prime proponent of an independent State of Palestine, had been active in providing assistance under multilateral programmes such as the New Asian-African Strategic Partnership (NAASP) on Capacity-Building for Palestine, which Indonesia and South Africa co-chair, and the Conference on Cooperation among East Asian Countries for Palestinian Development (CEAPAD). Under NAASP, Indonesia had trained more than 1,200 Palestinians between 2008 and 2013. CEAPAD had generated pledges from East Asian countries and the Islamic Development Bank. Indonesia had also committed bilateral assistance in key areas. Indonesia was of the view that assistance to the Palestinian people must go together with political support. He encouraged all friends of Palestine to undertake the necessary initiatives in this matter.

18. The Permanent Representative of **Senegal** said the protection of civilians was also one of the most important aspects of the management of this crisis. He called for the lifting of the Gaza blockade in its entirety. While supporting mediation initiatives undertaken by the United States of America and Secretary of State John Kerry, he expressed hope that the United States Administration would continue to deploy even more intense efforts for this purpose. He called on each of the delegations present to inform capitals of the need to support the Palestinian Government and United Nations bodies such as the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). In conclusion, he welcomed the signing of the Palestinian reconciliation agreement and encouraged the authorities and the Palestinian people to strengthen their cohesion.

19. The Permanent Observer of the **League of Arab States** said that in Palestine, poverty and unemployment were reaching phenomenal levels, while efforts by the Government had neither stabilized the economy nor bridged the budget deficit. Donors would be required to fill the financing gaps. The easing of Israeli restrictions on the economy was unlikely due to the stalemate in the peace process, he said. Israeli restrictive policies were intended to dictate an unjust political settlement to the Palestinians, he asserted. In the meantime, the Palestinians would continue to implement an ambitious development programme by encouraging investment and small businesses, promoting employment and public-private partnerships, as well as by mobilizing aid and maximizing its effectiveness. The international community should pressure Israel to lift obstacles to economic development, he concluded.

### III. Plenary sessions

#### A. Plenary session I

##### The socioeconomic and humanitarian situation in Palestine

20. Participants in the plenary session examined sub-themes such as the socioeconomic and humanitarian situation of the Palestinians, including women and youth, under continued occupation; the economic and environmental unsustainability of the Gaza Strip under blockade; protection of the environment - challenges and opportunities, in particular for water and energy; and lack of access to Area C as a constraint to Palestinian development. The session was chaired by the Permanent Representative of Indonesia to the United Nations in New York and Vice-Chair of the Committee, **Desra Percaya**.

21. **Maria José Torres Macho**, Deputy Head of the Office for the Coordination of Humanitarian Affairs (OCHA) in the Occupied Palestinian Territory, focused on the humanitarian situation in the Occupied Palestinian Territory. She said that a protection crisis was unfolding in the Territory, characterized by threats to life, liberty and personal security, loss of land, homes and livelihoods, forced displacement, restricted movement and access to services and assistance, compounded by a denial of basic rights and a lack of respect for international law.

22. The Gaza blockade had been tightened: the number of people allowed from Gaza into Egypt via Rafah had dropped from a high of 26,528 in

June 2013 to just over 3,000 in December. The fishing zone off the coast of Gaza, originally 20 miles under the Oslo Accords, had been reduced by Israel to 6 miles. Gaza exports were extremely limited: just 182 truckloads of goods in 2013, down from 9,312 in 2005. The humanitarian situation in Gaza was stark: 41 per cent are unemployed, 39 per cent live in poverty, 57 per cent are food insecure, while 80 per cent depend on aid. There was a shortage of 70,000 housing units and 250 schools, essential health care was unavailable, 90 per cent of piped water was unsafe, while 12,500 people were still displaced from the 2008-2009 war. The closure of the smuggling tunnels had caused a spike in unemployment, shortages of construction materials and fuel and electricity blackouts.

23. The situation in the West Bank, she continued, was characterized by shrinking space available for Palestinian economic development due to Oslo-related provisions subdividing the territory into areas A, B and C, the presence of half a million settlers in 150 settlements and 100 outposts, the separation barrier, closures, military zones, settler violence and house demolitions. Area C under full Israeli control constituted 60 per cent of the West Bank. Military zones took up 18 per cent and nature reserves 10 per cent of the territory. The loss of land, homes and livelihoods resulted in forced displacement, while movement and access restrictions impacted education, health, water and sanitation, livelihoods and the economy. As a result, 20 per cent were unemployed, 22 per cent lived in poverty and 17 per cent were food insecure, she indicated.

24. Of 270,000 Palestinians with permanent residency in East Jerusalem, there had been 14,000 permit revocations since 1967. The number of Israeli settlers in the city had doubled to 200,000 since 1993, while 55,000 Palestinian Jerusalem ID holders had been cut off from the city by the separation barrier, she noted. Demolitions and evictions which lead to forced displacement raised further humanitarian concerns.

25. The international community needs to ensure respect for basic rights, protection of civilians and an end to the impunity for violence. The occupying power needs to investigate all complaints of violations of rights, bring displacement to an end, including by ceasing evictions and demolitions, and allow safe movement and unhindered access to services and assistance, she stressed.

26. Turning to the humanitarian 2014 Strategic Response Plan for the Occupied Palestinian Territory, she indicated that it requested \$390 million for 151 projects to respond to restricted access to basic services, food insecurity and restricted access to livelihoods, lack of physical protection and forced displacement. Of that amount, 161 million (41 per cent) had been received, with another \$1.5 million in pledges to be disbursed. Most funding had gone to a few projects, for larger international non-governmental organizations (NGOs) and some United Nations agencies. Almost 60 per cent of funds requested were for Gaza; however, just over a quarter had been received. Education, health and nutrition and water/sanitation had received the least funding. For the \$5.2 million worth of projects on gender equality, just 0.4 per cent of all requested funding had been received.

27. **Robert Turner**, Director of Gaza Operations of UNRWA, speaking via a video link from Gaza, warned that Gaza was not sustainable – not environmentally, especially in regard to water, nor economically due to the blockade, nor politically due to actions and inactions of the relevant parties.

28. Most of the Gaza drinking water came from the coastal aquifer, which would become unusable in the next few years, according to UNEP. Untreated sewage was being dumped into the Mediterranean, while the electricity shortages were endemic. Solutions to these problems existed but the political will was lacking. Gaza used to possess a vibrant economy based on agriculture, light manufacturing, textiles and food processing, which had been destroyed by Israeli policy decisions to severely restrict exports. Illegal tunnels to Egypt, which used to bring in fuel and construction materials, had been closed down, shutting down the construction industry.

29. He further noted that Gaza had been kept alive by international assistance for the past few years. However, while humanitarian needs had escalated, donor funding had become increasingly tight. Turning to the political situation, he said that since the smuggling tunnels, a major source of Hamas's income, had been shut down, it had been unable to pay 40,000 of its civil servants, forcing it to seek reconciliation. However, the new national consensus Government had not assumed its responsibilities in Gaza, obstructed by Israel, and had not paid the former authorities' employees, which led to a governance vacuum and instability. The alternative to the new Government asserting its authority in Gaza was chaos, he warned. There was a very narrow path to stability in Gaza, but the relevant parties seemed unlikely to take the necessary steps. The likely result was another bout of fighting between Gaza and Israel, with civilians paying the highest price, he predicted.

30. **Mounir Kleibo**, representative of the International Labour Office (ILO) in Jerusalem, spoke about the current situation of the labour force in the Occupied Palestinian Territory. He pointed out that it was a difficult and frustrating time to be a young man or woman in the Palestinian labour market. The economic climate was negative: real gross domestic product (GDP) growth was only 2 per cent in 2013, compared with the 6 per cent needed to absorb the new entrants into the labour market. The productive sectors of agriculture and industry were in a steady decline – down to one fifth of GDP in 2013, from over one third in 1994. Agricultural productivity was particularly low and the services and public sectors dominated the economy in terms of both GDP and employment. Unemployment in Gaza rose dramatically following the closure of the tunnel economy. Female participation in the labour force was among the lowest in the world and was much worse for women with university degrees.

31. The highest unemployment rate in the first quarter of 2014 was 43.0 per cent among youth between the age of 20 and 24. Youth unemployment in Palestine was among the highest in the region, particularly for young women, and long-term unemployment affected more than half of those unemployed. Youth unemployment was a major national concern, but it was also important to consider the poor quality of work available to the young population, he added. The education system did not equip the young with the skills required by the Palestinian or Israeli economy, with only 10 per cent of college graduates finding employment locally. A high proportion of young people were contemplating emigration.

32. The difficult labour market in the Occupied Palestinian Territory, caused by Israeli restrictions on movement and access, trade, and land and natural resource use, was compelling Palestinians to seek employment in Israel and in the settlements, he continued. Some 45,000 were working in Israel with permits, and an estimated 35,000 without. The latter group, as well as the Palestinians working in settlements, were particularly vulnerable to exploitation and abuse by employers and intermediaries, and to hazardous conditions. Working conditions in Israel for young Palestinians had deteriorated, with many workers taking up informal jobs.

33. ILO had been responding to the situation by supporting women and youth empowerment through the promotion and development of women-only cooperatives, introducing new vocational education training programmes for young people, and supporting entrepreneurship by offering know-how on business management and funding for business start-ups.

34. **Fahd Abu Saymeh**, Financial and Administrative Director of the Applied Research Institute – Jerusalem (ARIJ), spoke about the economic

costs of the Israeli occupation. He said the occupation imposed a myriad of restrictions on the Palestinian economy and prevented Palestinians from accessing much of their land and from exploiting most of their natural resources; it isolated the Palestinians from global markets, and fragmented their territory into small, badly connected “islands”. As recently highlighted by the World Bank, UNCTAD and the International Monetary Fund (IMF), the occupation was what impeded any prospects of sustainable economic growth in Palestine.

35. Although the importance of the Israeli restrictions was undisputed, the ARIJ study had been the first effort to quantify the effects. In Gaza, the heavy restrictions on trade made the economy function in a state of quasi autarky. This alone increased the costs of inputs significantly, especially because the economy in Gaza was small and highly dependent on imports for production and consumption. The closures had had a major impact on water supply, while electricity production had also been greatly affected. According to ARIJ calculations, the difference between the predicted GDP (without the blockade) and the actual GDP in 2010 was \$1.9 billion at 2010 prices, or over a quarter of the total Palestinian GDP.

36. In the West Bank, ARIJ estimated that the costs of Israeli water restrictions amounted to \$1.2 billion, which included losses in agriculture as well as health costs from poor water quality. Another \$1.8 billion of economic output was lost due to a lack of access to natural resources, such as Dead Sea salts and minerals and stone quarries controlled by Israel, and to the Gaza offshore gas reserves. Some \$492 million was the extra cost of utilities such as electricity that Palestinians were paying due to the Israeli monopoly. Losses due to international trade restrictions amounted to \$288 million, while \$184 million was the extra cost borne by the Palestinian economy due to restrictions on the domestic movement of goods and labour, including checkpoints and the separation wall. The Palestinian economy lost an extra \$143 million because Palestine was not allowed to develop Dead Sea tourism, and damage to olive trees cost \$138 million. Total losses of the Palestinian economy thus amounted to 6.9 billion annually, he indicated.

37. He went on to say that the Palestinians were one of the most heavily-aided populations in the world. A large part of the Government’s income was dependent upon donor contributions, and foreign aid per person amounted to \$500. However, donor assistance was plainly unable to solve the problems in the Occupied Palestinian Territory or improve living conditions. Food aid had been criticized for creating a dependency culture and undermining local production. Easing the closure restrictions and eventually ending the occupation were the only way to grow the economy in a sustainable way. Donors thus faced a question: were they doing little more than support the Israeli occupation by providing assistance that was the occupier’s responsibility to provide?

38. **John Clarke**, Chief of the Coordination Unit of the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) spoke about “United Nations programming at a critical juncture”. He stated that in most countries in which the United Nations worked there was an inevitable overlap between aid and politics, but this relationship was particularly acute in Palestine. Achieving progress on the ground often required enormous political leverage and effort. Political progress, on the other hand, required assistance programming to address the increasing challenges faced by Palestinians.

39. For the United Nations, there are three programmatic vehicles for delivering assistance: the Strategic Response Plan for humanitarian programming, the UNRWA emergency and core budget appeals, and finally the United Nations Development Assistance Framework (UNDAF). Through these mechanisms, the United Nations is implementing an estimated \$1 billion worth of programming on an annual basis. The United Nations is trying to do more in those areas where the confluence of politics and assistance proves most challenging: Area C and Gaza.

40. He noted that just removing the Israeli restrictions in Area C, according to the World Bank estimates, would raise the Palestinian GDP by some \$3.4 billion, or 35 per cent. This would translate into additional tax revenues of some \$800 million a year, cutting the fiscal deficit by half, with a possible increase in employment of 35 per cent.

41. The recent rise in unemployment in the Gaza Strip can be traced to the loss of jobs in the construction sector following the destruction of illegal tunnels with Egypt and continued restrictions on the import of construction materials through Israeli crossings. Ultimately, Gaza’s economic future lies in its ability to import and export normally to and from the rest of the world, including Israel and the West Bank. But in the interim, the United Nations is in a unique position to provide benefits through basic construction and job creation programmes to help stabilize the situation in Gaza in the short term.

42. Another major challenge in Gaza he pointed to is access to energy and water. The provision of electricity for the Gaza Strip remains at less than half of the demand, which had an adverse impact on health services, water pumping stations and wastewater treatment. Over-extraction of water from an already depleted aquifer had led to increasing saltwater intrusion, exacerbated by contamination with untreated wastewater. Gaza’s water shortage can only be addressed through large-scale desalination, which requires significant energy inputs, he said. The United Nations remains committed to its work to achieve a comprehensive structural solution for Gaza’s energy and water challenges and UNSCO would welcome a chance to brief a future meeting of the Palestinian Rights Committee on how these twin challenges can be addressed in the short, medium and long terms, he added in conclusion.

## **B. Plenary session II**

### **Palestinian National Development Plan 2014-2016**

43. The participants in plenary II tackled sub-themes such as long-term strategies of the State of Palestine for economic development and growth, financial challenges, strengthening State institutions and promoting economic development; the promotion of productive sectors, private investment, competitiveness and employment, and the Economic Initiative for Palestine; joining international conventions and institutions; promoting inclusive development and mainstreaming socioeconomic rights; and the role of local governments in supporting development in Palestine. The session was chaired by **Momar Gueye**, Permanent Representative of Senegal to the United Nations Office at Nairobi.

44. **Riyad Mansour**, Permanent Observer of the State of Palestine to the United Nations, introduced the Palestinian National Development Plan (NDP) 2014-2016. He started out by saying that the plan was not going to be implemented under anything but normal conditions, because the Government lacked control over borders and natural resources. Nevertheless, the Government would try to maximize resources and cut costs whenever possible. The current plan would build on the objectives of the previous three-year plan, that is building and consolidating the institutions of an independent State to accomplish the objective of sovereignty. The seven pillars on which it is built are enhanced national ownership of the national planning process; broad, effective participation; a results-oriented planning and budgeting framework; realistic and achievable outputs; institutionalized planning processes and enhanced accountability and transparency; a gender-responsive approach; and respect for human rights. He added that the financial management practices of Palestine were closely scrutinized by the World Bank, IMF, the European Union and the Ad Hoc Liaison

Committee (AHLIC), the United States and some Arab countries, which left very little margin for corruption. On human rights, he went on to say that Palestine had signed 20 treaties and conventions to protect human rights. The Government was in the process of preparing reports under these human rights instruments, and would be working to adjust the basic law in line with Palestine's obligations.

45. The Plan identifies the following policy priorities: (a) establish State sovereignty and assert control over natural resources; special attention will be paid to Area C, particularly the Jordan Valley and Dead Sea area, as well as to the development of East Jerusalem and Gaza; (b) build a knowledge-based national economy, reinvigorate the private sector, enhance corporate social responsibility, and enhance productive capacity and fair competition, especially in agriculture, industry, tourism and information technology; (c) continue the institution-building process, achieve fiscal stability, improve effective State functions and develop capacity; (d) alleviate poverty and unemployment and promote social justice; (e) enact a democratic political apparatus and promote community safety on the grounds of respect for human rights, integrity, transparency and accountability; and (f) enhance the visibility of the State of Palestine in Arab, regional and international forums and meet the necessary conditions to accede to various international treaties and conventions. National legislative and institutional structures will be developed in line with the requirements of these treaties and conventions.

46. These policy priorities drive the strategic approaches and objectives at the level of the four main sectors: economic development and employment, good governance and institution-building, social protection and development, and infrastructure. Many of these strategic objectives will take more than the three-year planning time frame of NDP to be achieved. However, the Palestinian Government will track progress towards achieving these objectives through a monitoring and evaluation system. There are many challenges to the implementation of the Plan, he stressed, including the Israeli occupation and the legacy of the internal division, the financial crisis, the deteriorating economic situation, poverty and unemployment, particularly among youth and women and in Gaza. Reunification under the National Consensus Government is fraught with practical difficulties such as integrating the Gaza administration. He recalled that the Palestinians were drawing up and implementing the Plan in an atmosphere of transparency and close scrutiny by the international community and civil society, which was healthy. The Palestinian National Development Plan 2014-2016, if executed successfully in a positive political environment, could lead to the doubling of GDP, he concluded. The alternative would be the status quo, which is unsustainable.

47. **Kito de Boer**, incoming Director of the Initiative for the Palestinian Economy (IPE), referred to the work done by the Portland Trust some years ago, with the participation of Palestinian businessmen and officials, which led to the conclusion that Palestine needed to generate 1 million jobs in 15 years to get unemployment under 8 per cent. Another finding was that private investment was just one third of the level in a comparable economy while trade with Israel was three times that with the rest of the world, indicating the need for much greater investment and import substitution. The initiative was spearheaded by United States Secretary of State Kerry, who worked with Quartet Representative Tony Blair. IPE was intended to reinforce the political process, not substitute it with an "economic peace," he stressed. The goal of IPE was \$10 billion in additional private investment and a quarter of a million new jobs, which would generate an extra \$650 million in Palestinian tax revenue, equivalent to 60 per cent of donor aid. The alternative, he said while responding to questions from the floor, would be a situation of "economic ethnic cleansing", with Palestinians forced to leave Palestine to work abroad.

48. He continued with a few general observations: the Palestinian economy is quite small at \$10 billion. By way of comparison, the handful of programmers who developed WhatsApp sold their company for \$19 billion. The perception among the big multinationals is that the Palestinian economy is too small, corrupt and difficult to operate in to be of interest, and that would take some time to overcome. The reality is quite different, he emphasized: there is a competitive and resilient private sector in Palestine. There has been a lot of progress on State institution-building. However, the total profits of companies listed on the Palestinian stock exchange are just \$350 million, mostly in the telecoms sector.

49. The core IPE recommendations focus on eight sectors, which closely correlate with those identified in NDP: energy and water, tourism, light manufacturing, ICT, agriculture and construction and building materials. Sectors prioritized are private-sector oriented, have a high potential for growth, represent labour-intensive industries, and are key enablers for the economy. Fifty projects were identified. They could potentially increase GDP by 50 per cent over three years, politics permitting. Most of the funding, or \$6 billion, will come from private investment, and \$3 billion from loans. Innovative financing schemes are also being considered.

50. Turning to the current state of play, he described ongoing moves to fund and staff IPE, with most of the funding coming from the United States and Canada. There is an outreach programme targeting diaspora Palestinians who are eager to help Palestine but their information about Palestine as politicized and corrupt is 10 years out of date and that mindset needs to change. There is a focus on solar energy, tourism and ICT offshoring. There is tremendous underutilized potential for tourism in Palestine with its world-class historical sites, he stressed. Vocational training needs to be scaled up dramatically to meet the needs of the economy.

51. **Jurjen de Waal**, Project Manager at VNG International, which is the international agency of the Association of Netherlands Municipalities, addressed local economic development and local government capacity in Palestine. He observed that local economic development is considered by local governments in Palestine to be one of the most viable ways of creating sustainable development and reducing unemployment. Locally developed economic strategies may prove durable and successful, especially in Palestine where the economy is suffering from the occupation and fragmentation, while bilateral negotiations with Israel are at a deadlock. Local governments are the level of government closest to the community, with in many cases the largest impact on the local economy through the delivery of essential services and purchase of goods and services.

52. He noted that municipalities in the Occupied Palestinian Territory can play an important role in promoting economic development by supporting local enterprises through employment-intensive public investments and the promotion of labour-intensive construction. Local governments can procure their public investments to small contractors who make use of an appropriate mix of local resources, instead of large (international) firms, which rely on imports and heavy equipment. Municipalities can stimulate private investments by simplifying the procedures for obtaining licences and permits. Also, municipalities can raise their profile through improving communication and marketing. In Palestine, local government often enjoys higher levels of confidence with their local communities than central government. Due to the volatile political situation, Palestinian municipalities are becoming more self-reliant, developing capabilities to cope with fiscal uncertainty. The use of local economic development can further support such self-reliance and build the competitiveness of local economies to exploit future opportunities within an independent State.

53. However, there is a series of key local economic development challenges facing Palestinian municipalities, including: the lack of capacity for local economic development planning and identifying priorities and policies transparently and in a participative way with the private sector and civil

society; declining municipal revenues from taxes and increasing dependence on foreign aid; lack of the capabilities to monitor local economic development and to learn from experiences or exchange their experiences with others in a structured way; poor understanding of municipal competitive advantages, and lack of capabilities to liaise with private sector and civil society partners and other stakeholders. So far, only Bethlehem had established a local economic development council. He observed that there were few business networks or joint actions between local companies. To successfully support the promotion of such development, a change of culture is needed within municipalities to think beyond the traditional areas of service delivery, physical planning and regulation to facilitating and enabling business development through interaction with the business community. This shift should also encourage the local private sector to change their perception of the local government as a mere “regulator” or “service provider” to a “partner in economic development”, he said. However, many municipalities in Palestine, and the smaller ones in particular, lack the capacity to institutionalize local economic development. Therefore, national Palestinian development strategies should take the role of local governments and their need for improved capacity into account.

54. **Étienne Butzbach**, former Mayor of the town of Belfort, France, and former President of the French-Palestinian Network for Palestine and an active member of Cités Unies France federation of local authorities, spoke about city-to-city diplomacy and decentralized cooperation in Palestine. He highlighted the importance of the Middle East for Europe; there can be no sustainable development in the Mediterranean until the Israeli-Palestinian conflict is solved, he stressed. For nearly 20 years, dozens of French communities, cities, counties and regions had engaged in cooperation with their Palestinian counterparts. They wished to make their contribution to the Oslo peace process and support the formation of a new State for the Palestinian people. Twenty years later, the results are highly mixed. Hopes raised in 1994 were undermined by regressions observed in the field, continuing colonization and systematization of the Israeli occupation, the construction of the wall, and the proliferation of open conflict preventing specific cooperation projects on the ground from developing, or leading to the destruction of facilities already built. Yet many of these players have not been discouraged and local authorities in France, as in Europe, raised their profile in the field of political mobilization and human exchanges. He noted that there is no contradiction between bolstering the Palestinian State as a whole and supporting decentralized municipalities.

55. He highlighted a variety of approaches that were adopted, including town-to-town initiatives, such as Dunkerque – Gaza, Lille – Nablus, Seine Saint Denis – Tulkarm/Jenin/Qalqilya, and Belfort – Hebron. Cross-cutting initiatives involving networks of European municipalities were supported by a European Commission fund. French municipalities specifically targeted the issue of East Jerusalem and refugee camps; Jerusalem was selected because there was no Palestinian municipal authority as such. The work began in the early 2000s but unfortunately the partnership had been dissolved. Work continued in the area of cultural cooperation. Certain French networks developed relationships with refugee camps.

56. The focus shifted to political activities during the 2000s: there was a mission to observe Palestinian elections. COEPPPO - the Network of European Local Authorities for Peace in the Middle East - had been established following a conference that took place in Dunkirk (France) in 2002, bringing together local authorities from Belgium, France, Greece, Italy and Spain working for a just and sustainable peace in the Middle East.

57. He cited specific activities: in 2013, 67 French communities were working on 190 projects in Palestine worth 8,000,000 euros in areas such as water and sanitation, sports and cultural facilities; support for crafts; tourism, educational outreach and social action; and urban development and heritage development, including working for the recognition of the old city of Hebron by the United Nations Educational, Scientific and Cultural Organization. Work also focuses on strengthening local capacities on town planning finance, IT and human resources. Hundreds of people have benefited from this relationship, which supports academic exchange programmes organized as part of bilateral cooperation.

58. Another important area he identified was people-to-people exchanges. These aim to break down prejudices and foster dialogue between peoples and to maintain and strengthen linkages between communities in order to counter adversity (including blocked projects, isolation and confinement, and obstacles to mobility).

59. Looking ahead, a major challenge he identified was the shaping of local public opinion. Awareness of the European public needs to be raised regarding the cause of Palestinian rights; more effective communication needs to be established that will share the daily lives of people. A categorical imperative is to oppose the closures policy and enable the Palestinian people to exercise their sovereignty. Some 500 local authorities participate in the European movement of local communities on Palestine; it must be encouraged to increase pressure on the international community. The First Global Forum of Decentralized Cooperation for Palestine will catalyse this work, by aligning the efforts of decentralized cooperation, bilateral and multilateral cooperation.

### **C. Plenary session III**

#### **Mobilization of international assistance and its effective use for sustainable growth: towards a new aid paradigm**

60. Plenary session III had the following sub-themes: the urgent action to stabilize Palestinian public finances; the role of non-traditional donors, diaspora and South-South cooperation, the Arab financial safety net; breaking the aid dependency cycle: lessons from Africa; and mobilizing, coordinating and delivering developmental and humanitarian assistance – the role of the United Nations system and international financial institutions. The session was chaired by the Permanent Representative of Indonesia to the United Nations in New York and Vice-Chair of the Committee, **Desra Percaya**.

61. **Macharia Kamau**, Permanent Representative of Kenya to the United Nations in New York recalled that the aid-driven paradigm of development had reached its limits. East Asia had transformed itself in unimaginable ways without significant aid. He stated that based on the presentations heard so far the situation in Palestine is one of colonialism, occupation and apartheid which has no place in the twenty-first century.

62. He went on to say that the transformative economic change in Europe which took 70-80 years, was accomplished in East Asia in 30-40 years, which set high expectations for what can be accomplished in a world free from colonialism and occupation and where human rights are protected. The situation in Palestine, however, is in direct contradiction to what the international community aspires to. The draft of the new sustainable development goals, to be unveiled at the General Assembly in September, includes the eradication of extreme poverty, healing the earth, promotion of social harmony and economic prosperity. These goals are universal and achievable, as the experience of Europe, East Asia and large parts of Latin America proves. However, the Palestinians remain the glaring exception. Their situation simply cannot continue like this and must be addressed forcefully, he stressed.

63. **Mutasim Elagraa**, an economist at UNCTAD, addressed the theme of enlarging the Palestinian economic policy space to promote sustainable development and competitiveness, and breaking the cycle of aid dependency in the Occupied Palestinian Territory.
64. He outlined the stark situation of the Palestinian economy: low 1.5 per cent GDP growth, down from an average of 10-11 per cent in 2011-2012; a trade deficit at 4.4 billion dollars, equal to 40 per cent of GDP; a budget deficit of 12 per cent of GDP; unemployment rate at 27 per cent compounded by declining real wages, low productivity, long duration of unemployment and a low labour force participation rate. Movement barriers aggravated unemployment by lowering the profitability of firms via inflated transaction costs and heightened uncertainty. Small-scale production inefficiency and lack of access to imported technology and inputs inflated production costs and crippled competitiveness. The tradable goods (manufacturing and agriculture) sector has been shrinking because it is disproportionately impacted by the closure policy, inflated cost of doing business and the dearth of imported inputs and technology. Agriculture has been hit hard by the loss of land and water resources and the expansion of settlements. The decline in the tradable goods sector has cultivated aid dependence. Palestinians relied on the Israeli shekel, which is overvalued, and destroyed the competitiveness of local products by making imports cheap. He cited the example of Spain and Greece suffering high unemployment because the Euro is too strong for their economies. On the other hand, he attributed the “Chinese miracle” in no small part to the undervalued Yuan.
65. The Palestinian Authority’s (PA) fiscal vulnerability can be seen from the devastating effects of Israel’s repeated withholding of clearance revenue, which accounts for 70 per cent of all PA revenues. In addition, UNCTAD estimates that about \$115 million of revenue is lost by PA because goods produced in third countries are being imported as if they were made in Israel, duty-free. Smuggled goods cost an extra \$190 million per year. UNCTAD estimates suggest that capturing this revenue would expand the fiscal policy space and the ability of PA to provide a fiscal stimulus to raise annual real GDP by 4 per cent; and would allow the economy to expand employment by more than 9,000 jobs per year.
66. The solution he identified was to replace the Paris Protocol, which governs the economic relationship between Israel and Palestine, with a balanced framework consistent with the needs for Palestinian fiscal independence. Israel’s cooperation is required to allow PA full access to all data related to Palestinian imports from or via Israel; due tax revenue should be transferred to PA; and barriers to trade with countries other than Israel should be abolished.
67. The Palestinian Authority’s ability to revive the economy is constrained by its limited policy space under the Paris Protocol, which is less than the policy space available to local authorities in many countries. He likened Palestinian policymakers to a “driver in a car with flat tires and no steering wheel”. PA had no currency, no monetary policy tools, no exchange rate tools, no independent trade policy. What PA had was a limited, volatile and vulnerable fiscal policy space. It can do little more than allocate public expenditure, which leaves the Palestinian economy vulnerable and exposed. UNCTAD projections show that if the full range of monetary, exchange rate, fiscal trade and labour policies are introduced, it will be possible to raise GDP by 24 per cent. There is therefore a critical need to empower Palestinian policymakers with the full range of economic policy instruments available to other countries, he concluded. Responding to questions, he clarified that UNCTAD does not recommend a Palestinian currency at this point, because the institutional safeguards against PA printing money to cover deficits are not in place yet; nor has staff of the central bank been adequately trained. The readiness of the Palestinian public to accept a new currency is also a question mark.
68. **Itay Epshtain** spoke for the Association of International Development Agencies (AIDA), an association of over 80 international aid and development NGOs. The subject of his presentation was “Operational and normative challenges to mobilizing, coordinating and delivering humanitarian assistance in a coercive environment”. He warned that the humanitarian space to deliver aid in both Gaza and the West Bank is shrinking: access to Gaza and to Area C was at an all-time low.
69. In Area C, the Israeli planning and permits regime is the biggest impediment to development and aid delivery. Palestinians are excluded from the planning process, unlike settlers, who are included. In recent years, 94 per cent of Palestinian building applications have been rejected. Less than 1 per cent of Area C had been set aside for Palestinian development. These restrictions cost the Palestinian economy an estimated \$4 billion annually, and interfere with their access to water, sanitation and health care and generate food insecurity. There is a causal link between settlements growth and demolitions and the forcible transfer of Palestinians, which constitutes a war crime, he said. There is a political context: a Knesset working group led by Naftali Bennett had advanced proposals for the annexation of Area C.
70. The Israeli military authorities are becoming more innovative in hindering humanitarian aid, using means which are more difficult to challenge in court, and prioritizing seizures of aid delivered by international NGOs. The leaked minutes of a Knesset meeting reveal a deliberate strategy to thwart the international organizations working to assist Palestinians in Area C, and an official strategy of aid confiscation and demolition, deportation of international staff and the revocation or denial of visas, increased access restrictions and the arrest of individuals delivering humanitarian aid on the grounds that they are implementing humanitarian projects without permits. AIDA members are also increasingly concerned that donors will assess the risks of working in Area C as too high, and redirect their programming to Areas A and B. Some 40 per cent of AIDA members have reported abandoning programmes due to access restrictions. Legal remedies are rapidly shrinking as Israeli courts refuse to undertake a substantive review of decisions by military commanders and are moving to dismiss legal challenges lodged by international NGOs.
71. The United Nations Humanitarian Coordinator and the humanitarian country team members consider that the current system of “prior coordination”, i.e. seeking permission from the Israeli authorities to deliver aid to populations in need in Area C, contradicts international humanitarian law. Therefore, country team members will not generally apply for such permission and systematically protest the destruction of humanitarian assistance and request compensation. However, this principled position is not supported by all donors, some of whom are under domestic pressures from taxpayers. Some donors therefore stopped funding projects in Area C.
72. Turning to Gaza, he identified some emerging problems faced by the humanitarian community, in addition to the well-known problems caused by the blockade. Some donors have introduced comprehensive counterterrorism legislation, which puts implementing agencies that are required to furnish detailed information about aid recipients in a precarious position. Some agencies have complied, while others have not and are losing funding. Some donors consider Gaza municipalities as part of the Hamas regime, and ban funding for joint projects with local authorities.
73. In conclusion, he stressed that Israel has the primary obligation to provide for the needs of the Palestinian population and a secondary obligation to facilitate the rapid and unimpeded delivery of aid. Israel is entitled to a measure of control over the delivery of aid; however, aid cannot be denied on arbitrary grounds. Forcible transfer of the protected population is a grave breach of the Fourth Geneva Convention, codified as a war crime. Third States have an obligation to work to prevent forcible transfer. International donor support provides a protective element against forcible



transfer. Donors must hold Israel accountable for violations, including the destruction of aid funded by the international community. A systematic approach to reclaiming these damages is a first step to ensuring effective remedy. The land, sea and air restrictions imposed on the Gaza Strip by Israel must be lifted. Egypt has a responsibility to facilitate humanitarian assistance, he said. Access restrictions in Gaza to the areas near the wall and to fishing areas should be removed to the fullest extent possible. Safe passage routes, to and from Gaza and the West Bank, must be opened for the free movement of people and goods. The international community should take the opportunity of a unity Palestinian Government to press for the full social, economic and political integration of Gaza and the West Bank, he concluded.

#### IV. Closing session

74. **Riyad Mansour**, Permanent Observer of the State of Palestine to the United Nations, representative of the State of Palestine at the Seminar, apologized for the absence of Palestinian Government officials, academics and NGOs at the Seminar, which was due to the emergency situation in Palestine and obstacles to travel, he said. Despite the gloomy reports heard by participants, he urged them not to conclude that the case of Palestine is hopeless and abandon it. The Palestinians are determined to stay on their land, he said, and struggle peacefully defending their land and their rights.

75. Although assistance and employment generation programmes are important activities to alleviate the plight of the Palestinian people, he detected a recurring theme throughout the Seminar: all efforts should be channelled towards ending the occupation, to enable the Palestinian people to move towards an independent State in control of its resources, borders and airspace. He drew attention to the heavy collective punishment that had been imposed on the Palestinians for the killing of three settlers: 600 Palestinians had been arrested and Hebron besieged. He called on the Security Council to condemn the killing of a Palestinian teenager in the same way it had condemned the killing of three Israelis. He appealed to the international community to put pressure on Israel to stop the violations by its soldiers and settlers against Palestinians. In conclusion, he called on all nations to help Palestine overcome the situation of subjugation, a situation the nations of Africa were all too familiar with.

76. The Chair of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, **Abdou Salam Diallo**, stated that while the peace process had yet to bear the fruits everybody hoped for, the international community must redouble efforts to support the Palestinian people to exercise their inalienable rights to self-determination and independence, allowing them to live free from occupation and in a thriving economy. Grassroots initiatives can revitalize local and small businesses, and combined with the assistance provided by various United Nations agencies and civil society organizations and support from the private sector, can promote sustainable economic growth.

77. Sustainable economic development is further complicated by protracted conflict, prolonged occupation, increasing illegal settlements, a separation wall, hundreds of checkpoints, and a comprehensive blockade on part of the territory, he noted. The first United Nations Environmental Assembly held in Nairobi the previous week was reminded of the difficulties associated with the exploitation of natural resources, and the problems Palestine has in managing its water resources.

78. He reminded the participants of the potential of the Palestinian land and people. The international community should continue to take practical steps to persuade the Occupying Power to reverse its detrimental policies and to accept peaceful coexistence with all its neighbours, including the State of Palestine, by established international norms. He called on international donors to continue to financially support the Palestinian Authority and honour the pledges they have generously announced.

79. Referencing the International Year of Solidarity with the Palestinian People declared by the General Assembly in 2014, he called on all the Governments represented at the Seminar to show with concrete support and various activities their solidarity. The Committee counts on African States' support for the Palestinian people, in particular within the African Group at the United Nations and in the Non-Aligned Movement, he concluded.

#### Annex I Summary of the Chair

1. The United Nations Seminar on Assistance to the Palestinian People was held on 1 and 2 July at the United Nations Office at Nairobi with a focus on "Fostering active international solidarity with the Palestinians, solidifying the economic underpinnings of an independent State". Some 13 expert speakers from Palestinian and international civil society organizations, the private sector, local governments and United Nations agencies, funds and programmes addressed the Seminar, with representatives from over 20 Member States, three intergovernmental organizations, civil society and local United Nations representatives actively participating.

2. Speakers in the opening session remarked on the significance of holding the Seminar in Africa, a continent that itself faced colonization and oppression but had nevertheless achieved political independence and rapid economic growth. Holding the meeting at the United Nations African headquarters, the third largest United Nations headquarters after New York and Geneva, was an appropriate testimony to the political support provided by Africa to Palestine in its struggle for justice. The representative of Kenya to the United Nations Environment Programme and to UN-Habitat and representative of the Government of Kenya welcomed participants during this International Year of Solidarity with the Palestinian People. The theme of the Seminar reflected the challenges, given the troubling socioeconomic impact of Israel's occupation. Recognizing that more than 40 per cent of all Palestinian households were food insecure, the very survival of the Palestinians was threatened. He said that the international community must urge the lifting of the restrictions on access to land, water, minerals and natural gas reserves, as these were the factors of production that would allow businesses to thrive. Kenya was collaborating with the Palestinian people through the conclusion of bilateral education, trade, culture, youth, sports and tourism agreements, which would contribute to the quality of life in the Occupied Palestinian Territory and strengthen the bonds of friendship and cooperation.

3. In his message to the Seminar, read by the Director-General of the United Nations Office at Nairobi, the Secretary-General of the United Nations condemned the murder of three Israeli teenagers abducted on 12 June, emphasizing that there can be no justification for the deliberate killing of civilians. He called on Israeli and Palestinian authorities to work together to bring the perpetrators to justice. He was concerned about the negative trends in the West Bank, including the recent killings of Palestinians, the repercussions of Israeli military operations, continued settlement activities and demolitions of Palestinian homes and property, as well as indiscriminate rocket firing. He repeated calls for the full opening of crossings into Gaza and referred to the dire economic and humanitarian situation there, saying that strengthening Palestinian institutions and improving governance is key to stimulating investment and development, noting the importance of support for the National Development Plan 2014-2016 (NDP). The Secretary-General concluded his message by saying that the situation on the ground and in the wider region made it clear that negotiations and compromise were

essential to achieve a settlement to the conflict. Without a credible political horizon, the Oslo paradigm was in real jeopardy.

4. The Chair of the Committee on the Exercise of the Inalienable Rights of the Palestinian People recounted that the General Assembly had voted decisively to grant Palestine non-member observer State status in its resolution 67/19. The Chair appealed to the donor community to focus on Palestine and to respond to the needs outlined in its National Development Plan. The Seminar would focus on the need to break the vicious cycle of the occupation, which cost the Palestinian economy some \$7 billion dollars a year. The international donor community had become the lifeline for Palestine, and its investments should not be destroyed. He asked if it was time to remind Israel of its responsibilities as the occupying Power and to hold it accountable. He implored participants to convey to their capitals that the status quo was not sustainable – greater political and financial assistance was needed immediately, emphasizing that a new push was required to launch meaningful international engagement with the parties to restart negotiations, bolster reconciliation, strengthen Palestinian institutions and end the blockade of Gaza. These were all mutually reinforcing goals.

5. The Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) said that the assistance provided by UNCTAD to the Palestinian People Unit extended support to Palestine's nascent finance and development strategies, foreign direct investment, trade facilitation and logistics, enterprise development and competition policy, and it would continue to stand ready to provide support to the Palestinian people to build the capacities required for the efficient management of their economy and economic prosperity. The Permanent Observer of the State of Palestine to the United Nations and representative of the State of Palestine stressed that while the Palestinian people and their State existed, their land was occupied and this had to end. After citing events leading to the failure of the negotiations, he asked how the occupation could be ended while Israel intensified its settlement activities by 123 per cent and continued to kill with impunity. He denied involvement of the Palestinian factions in the killing of the three young settlers, and said the deaths cannot justify collective punishment. He called on the international community to let Israel know that there would be consequences for illegal actions. The solution was to make the occupation costly to the Israelis - only then would they calculate the losses and conclude a negotiated settlement; until now, the occupation only cost the Palestinians and was of net benefit for Israel. The opening session ended with statements of solidarity by the Permanent Representatives of Indonesia, Senegal and Malaysia to the United Nations Office at Nairobi, each describing specific initiatives in their countries and regions in support of the Palestinian people.

#### Plenary I: The socioeconomic and humanitarian situation in Palestine

6. Speakers in the first plenary from United Nations agencies, funds and programmes in Jerusalem and Gaza and a civil society organization on the ground in Bethlehem provided the socioeconomic and humanitarian context. Aid and politics were closely linked, given the impact of movement and access to economic development. The \$1 billion of United Nations programming had always been an essential support to Palestinian State-building, but it had taken on greater importance in the current environment, and with the formation of a Government of national consensus headed by Prime Minister Rami Hamdallah, uniting the West Bank and Gaza under one legitimate Palestinian authority.

7. The situation in Gaza, under its eighth year of Israeli blockade, was described as unsustainable environmentally, economically and politically, and had worsened since the closure of the tunnel network from Egypt. It was an entirely preventable and man-made crisis. Economically, Gaza had de-developed from a well-rounded middle-income economy to a situation where 41 per cent were unemployed and 57 per cent were food insecure. There was a shortage of 70,000 housing units owing to damage from the 2009 Operation Cast Lead and natural population growth, and 12,000 people were still displaced after their homes had been destroyed. There was a shortage of 250 schools. Agriculture, food processing and textile productions had been affected because of shortage of materials and lack of access to markets. Construction materials used to come through the tunnels but after their closure, unemployment rates increased as construction ceased. Due to current restrictions, only 7 patients had crossed to Egypt in April, compared with 7,000 per month in 2013. The power plant was on the verge of running out of fuel, affecting the basic operation of clinics and sewage and water systems. Power was already off 15-16 hours a day. Environmentally, the most serious issue was the availability of drinking water. Less than 10 per cent was safe for drinking, and there would be no potable water in Gaza by 2020 under current conditions. The problem could be resolved by desalination, but that required power and investment. Politically, the fact that salary payments for the 40,000 de facto Government employees had not been paid for the past three months meant that disgruntled former employees were a source of instability. The situation in the West Bank was less dire, but movement was restricted, impacting the economy. A removal of those restrictions could see the economy grow significantly. Area C entailed more than half the land in the West Bank, much of it agricultural and resource rich, but it was inaccessible to Palestinians. If economic activities were liberated, it would have a significant impact on the development of businesses in agriculture, Dead Sea mineral exploitation, stone mining, quarrying, construction, tourism and telecommunications.

8. Out of some 40,000 university graduates the local economy can absorb less than 10 per cent, and unemployment was high throughout the territories, particularly for college educated women. Participation by women in the workforce was particularly low, down to 17.3 per cent in 2014. Conditions for youth were also troubling, with only 49 per cent of young men age 15-24 in the labour force compared to 8.8 per cent of young women. For many Palestinians, working for Israeli settlements was not a choice but a necessity. Men worked in construction and the industrial sector, while women and children worked in agriculture or domestic work. Women were particularly exposed to abusive practices by labour brokers, including excessive fees, wage deduction and sexual violence. Workers were also exposed to occupational safety risks and hazardous and humiliating conditions without adequate protection.

#### Plenary II: Palestinian National Development Plan

9. The second plenary of the Seminar focused on the Palestinian National Development Plan 2014-2016, entitled "Long-term strategies of the State of Palestine for economic development and growth". Seven pillars, approved by Palestine's Council of Ministers guided the development of the Plan: (1) enhanced national ownership; (2) broad participation; (3) results-oriented planning and budgeting; (4) realistic outputs; (5) institutionalized planning processes and enhanced accountability; (6) a gender-responsive approach; and (7) respect for human rights. Based on performance evaluations and lessons learned from earlier plans, the Plan was broken down into four sectors: (1) economic development and employment; (2) good governance and institution-building; (3) social protection; and (4) infrastructure. The overarching goal was to improve services to the Palestinian people in areas such as water, roads and energy supply, especially in the Gaza Strip. Implementing the Plan in the Occupied Palestinian Territory would be extremely difficult, given the difficult conditions on the ground, as explained in plenary I. Despite the obstacles, the Palestinian Government was doing its utmost to provide services to its people and was also trying to increase resources from donors and alternative financing arrangements. The highly participatory approach taken in the Plan's development and implementation was emphasized and also broadly recognized by other participants, who noted that the Plan was well structured, well documented and well written. It was also noted that NDP had been developed in close collaboration with the United Nations system in Jerusalem, ensuring close collaboration in terms of implementation. The United Nations Development

Assistance Framework was drafted in parallel, and was fully complementary.

10. The Initiative on the Palestinian Economy (IPE), launched under the Office of the Quartet Representative, involved 18 industries, 100 local experts advisers, an Advisory Board and included some 50 projects across eight sectors, fully complementing the NDP approach and focus on infrastructure (water, power, telecommunications), employment (agriculture, light manufacturing, construction, building materials) and tourism. The rationale behind IPE was to enable and unleash the private sector – where possible private financing would be secured with the public role limited to loan guarantees and financing for large-scale projects. Development bonds and other alternative financing vehicles were also part of the plan. Palestine benefitted from a lean and dynamic private sector with a strong entrepreneurial spirit, currently generating about \$350 million in profits. The main challenge was employment generation – the goal was to create 1 million jobs over the next 15 years in order to get unemployment below 8 per cent and stem the emigration of the best qualified. If implemented, IPE would also increase tax revenue, by about \$650 million, reducing the need for official development assistance. However, implementation would be difficult under the current context, as private investment had fallen by 40 per cent in four years. While IPE represented a public-private partnership to attract new investment, many investors, including multinationals and those from the Palestinian diaspora, perceived the Palestinian economy as small (\$10 billion), corrupt and complex. These attitudes were dated and needed to be better informed; however, experience showed that once investors learned more about the actual situation in Palestine, they were often more interested. As an example, tourism was a sector that could achieve multiple goals, simultaneously reducing unemployment, bringing in investment and changing the attitudes of visitors.

11. Local, municipal and regional approaches to community development and capacity-building were presented as complementary initiatives to improve transparency, local government services and socioeconomic development while supporting ongoing state-building efforts. Local economic development was successful because every city, area or community was unique and had its own competitive advantages. In the case of the Palestinian local economy, micro-, small- and medium-size enterprises constituted the majority of the economy and those types of enterprises could benefit directly from local economic development programmes. However, local governments in Palestine were limited in their capacity, so initiatives needed to take this into account. For example, over the past 20 years, dozens of French local authorities had engaged in cooperation with their Palestinian counterparts, hoping to contribute to the peace process and support the creation of a new State. The hopes raised in 1994 were undermined, but the results of 20 years of decentralized cooperation with Palestine were extremely rich in human results, while admittedly disappointing in political terms. Nevertheless, strong relationships had been forged with both Palestinian and Israeli partners who had a real desire to move forward. The question was how to achieve sustainable development in the middle of a context of conflict. City-to-city diplomacy was useful but it could not circumvent the realities, nor should it become an excuse for national governments shirking their responsibilities. The ensuing discussion featured a lively debate on the timing and sequencing of economic planning and development activities, and focused on the question of whether such planning and development could actually take place when conflict was omnipresent. The consensus was that these activities were needed to inspire the population and ultimately had to take place alongside humanitarian and other initiatives to respond to ongoing crises.

### Plenary III: Towards a new aid paradigm

12. The Seminar's third plenary focused on the mobilization of international assistance and its effective use for sustainable growth, including a discussion on a new aid paradigm. No one in the developing world believed that foreign aid would unlock development. Europe, then East Asia, had experienced transformative economic change in the past few decades; in the case of Asia, this had occurred with little external aid. Rapid transformation had happened in ways which were once unimaginable. This had set the stage for very high expectations of what can happen and what was possible in a world where there was no colonialism, no occupation and no exploitation. In a world where poverty was unacceptable, where diseases had been eradicated, where social inclusion and harmony were a primary part of society, and where economic prosperity was a driver of change. A world where human rights were protected everywhere. The new set of 17 Sustainable Development Goals would be universal, and transformative, and would have a cross-cutting effect on the social, economic, environmental and political work of nations. However, the occupation of Palestine stood in direct contradiction to these goals – none of these goals could be achieved when people were at war or were being oppressed.

13. Palestine saw 1.5 per cent GDP growth in 2011-2012 – this was lower than population growth so Palestinians were growing poorer year on year. Enlarging the Government's economic policy space to promote sustainable development and competitiveness was an important goal, and that was critical for breaking the cycle of aid dependency. Significant revenue leakage from direct and indirect imports was occurring; for example, 39 per cent of official Palestinian imports from Israel were actually produced in a third country, before being re-exported to the Occupied Palestinian Territory duty-free. Estimates for 2010 and 2011 are that \$115 million of revenue per year had been lost this way. Smuggled goods were another major problem, with 25-35 per cent of imports smuggled into the territory. Capturing the leaked revenue would expand the fiscal policy space and the ability of the Palestinian Government to provide fiscal stimulus, raising GDP by 4 per cent; and allowing the economy to expand its employment generation capacity by more than 9,000 jobs per year. In addition, an overvalued Israeli Shekel undermined Palestinian competitiveness; lacking its own currency, Palestine was unable to pursue independent monetary, exchange rate and interest rate policies, relying solely on fiscal tools. Nevertheless, Palestine was not yet ready to issue its own currency: training of its Central Bank officials would be required, as would greater confidence in the Palestinian economy more generally.

14. On the ground, 94 per cent of building permits had been rejected, and less than 1 per cent of Area C had been assigned for Palestinian development needs by the Israeli Military Commander. Mobilizing, coordinating and delivering developmental and humanitarian assistance was a challenge under the occupation; Israel had imposed a number of restrictive policies and practices that increased humanitarian needs and impeded development. While recognizing Israel's legitimate security concerns, the land, sea and air restrictions imposed on the Gaza Strip by Israel may contravene Israel's obligations under international humanitarian law, and must be lifted. Where security threats necessitate restrictions on the free movement of people and goods, the restrictions must be in compliance with international law; must be proportionate to a specific threat and temporary in nature. The current restrictions continued to hit the poorest the hardest; they impeded development of a sustainable local economy and increased food insecurity and dependency on aid. They also undermined access to specialized health and education services and restricted normal family life. It was therefore incumbent on the international community to press both Israel and Egypt to drastically reduce the restrictions on access to the Gaza Strip. In Area C, Israeli military authorities were destroying aid infrastructure built without pre-authorization, many aid agencies were proceeding without such authorization out of principle, resulting in destruction of these assets. Israeli policies deliberately targeting foreign assistance and related infrastructure in this manner must be halted.

### Closing session

15. The Permanent Observer of the State of Palestine to the United Nations and representative of the State of Palestine said that after two days of gloomy presentations, participants should not conclude that the cause is hopeless. The objective was not to depress, but to inform – Israel's occupation had to cease and independence of the State of Palestine needed to be achieved, similar to what had happened to States in Africa – and African support was fundamental. The Chair of the Committee on the Exercise of the Inalienable Rights of the Palestinian People recapped the key points of the Seminar and reminded participants of the moral responsibility to fight against the injustice inflicted upon the Palestinian people and the importance of collective solidarity taking the shape of concrete assistance for sustainable development and growth. Noting that the peace process had yet to bear the fruits the Palestinians had hoped for, everyone must redouble their efforts to support the Palestinian people to exercise their inalienable rights to independence, allowing them to live free from occupation in a thriving economy.

## **Annex II**

### **List of participants**

#### **Speakers**

Étienne Butzbach  
Former Mayor of Belfort;  
former President of the French-Palestinian Network for Palestine, Cités Unies France  
Belfort

John Clarke  
Chief, Coordination Unit  
Office of the United Nations Special Coordinator for the Middle East Peace Process  
Jerusalem

Kito de Boer  
Incoming Director,  
Initiative for the Palestinian Economy  
Dubai

Jurjen de Waal  
Project Manager  
VNG International (International Agency of the Association of Netherlands Municipalities)  
The Hague

Mutasim Elagraa  
Economist  
United Nations Conference on Trade and Development  
Geneva

Itay Epshtain  
Representative  
Association of International Development Agencies  
Tel Aviv

Macharia Kamau  
Permanent Representative  
of the Republic of Kenya to the United Nations  
New York

Mounir Kleibo  
Representative,  
International Labour Office  
Jerusalem

Maria José Torres Macho  
Deputy Head of Office  
Office for the Coordination of Humanitarian Affairs in the Occupied Palestinian Territory  
Jerusalem

Fahd Abu Saymeh  
Financial and Administrative Director  
The Applied Research Institute – Jerusalem Society  
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**Delegation of the Committee on the Exercise of the  
Inalienable Rights of the Palestinian People**

Abdou Salam Diallo  
Permanent Representative of Senegal to the United Nations  
Chair of the Committee

Desra Percaya  
Permanent Representative of Indonesia to the United Nations  
Vice-Chair of the Committee

Riyad Mansour  
Permanent Observer of the State of Palestine to the United Nations

**Representative of the Secretary-General**

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Daniel Antonio  
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Krishantha Jayawickrama  
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#### **Non-member observer State**

State of Palestine  
Riyad Mansour  
Permanent Observer  
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League of Arab States  
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#### **United Nations organs, agencies and bodies**

International Civil Aviation Organization  
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International Labour Office  
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Mutasim Elagraa  
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United Nations Relief and Works Agency for Palestine Refugees in the Near East  
Robert Turner  
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#### **Civil society organizations**

Cités Unies France  
Étienne Butzbach  
Former Mayor of Belfort  
Former President of the French-Palestinian Network for Palestine, Cités Unies France  
Belfort



Congress of South African Trade Union  
Bongani Martin Masuku  
International Secretary  
Johannesburg

Sima Community-Based Organization  
Johnstone Sikulu Wanjala  
Project Coordinator  
Kitale

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