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

**Report to the
Ad Hoc Liaison Committee
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List of Acronyms

ACRI - Association of Civil Rights in Israel
AHLC - Ad-Hoc Liaison Committee
ARG - Arab Regional Grid
CBS - Central Bureau of Statistics
COGAT - Coordination of Government Activities in the Territories
DFID - Department for International Development (UK)
DNA – Detailed Needs Assessment
ECD - Early childhood development
ERW - Explosive Remnants of War
EU - European Union
FAO - Food and Agriculture Organization of the United Nations
GBV - Gender-Based Violence
GDP - Gross Domestic Product
GEDCo - Gaza Electricity Distribution Company
GNC - Government of National Consensus
GPP - Gaza Power Plant
GRM - Gaza Reconstruction Mechanism
GRAMMS – Gaza Reconstruction Materials Monitoring System
ICA - Israeli Civil Administration
ICC - International Criminal Court
ICJ - International Court of Justice
IDF - Israeli Defence Forces
IEC - Israel Electric Corporation
ILO - International Labour Organization
IMF - International Monetary Fund
IPE - Initiative for the Palestinian Economy
kg - Kilogramme
km - Kilometre
kV - Kilovolt
m² - Square metre

m3/d - Cubic metres per day
 MCM/y - Million cubic metres per year
 MICS – Multi-Indicator Cluster Survey
 MMU – Materials Monitoring Unit
 MW - Megawatt
 MoCA - Ministry of Civil Affairs
 MoEHE - Ministry of Education and Higher Education
 MoH - Ministry of Health
 Mol – Ministry of Interior
 MoPWH - Ministry of Public Works and Housing
 MoSA - Ministry of Social Affairs
 NERRP - National Early Recovery and Reconstruction Plan
 NGEST - Northern Gaza Emergency Sewage Treatment Plant
 NM - Nautical mile
 NIS - New Israeli Shekel
 OCHA - United Nations Office for the Coordination of Humanitarian Affairs
 oPt - Occupied Palestinian territory
 PA - Palestinian Authority
 PCBS - Palestinian Central Bureau of Statistics
 PLC – Palestinian Legislative Council
 PLO - Palestine Liberation Organization
 PMA - Palestine Monetary Authority
 PNDP - Palestinian National Development Plan
 PWA - Palestinian Water Authority
 SRP - Strategic Response Plan
 STLV - Short-term low-volume
 UN - United Nations
 UNCTAD - United Nations Conference on Trade and Development
 UNDAF - United Nations Development Assistance Framework
 UNDP - United Nations Development Programme
 UNESCO - United Nations Educational, Scientific and Cultural Organization
 UNICEF - United Nations Children's Fund
 UNOPS - United Nations Office for project Services
 UNRWA - United Nations Relief and Works Agency for Palestine Refugees in the Near East

Executive Summary

Since the Ad-Hoc Liaison Committee (AHL-C) meeting in September 2014, concerns have grown about the lack of a political horizon for the resumption of negotiations. The international community has become increasingly frustrated at the lack of progress on political negotiations. The coming period will be critical for the future of the peace process. The United Nations has repeatedly warned that maintaining the status quo is not tenable. It will inexorably lead to the continued erosion of living conditions for Palestinians and for Israelis alike and will undermine the security and stability of all.

The new Government of Israel should take credible steps, including a freeze of settlement activity, to promote a resumption of meaningful negotiations. The Secretary-General has indicated that he is ready to work with all in order to encourage a return to negotiations, on the basis of an agreed framework. Continued security cooperation between Palestinian and Israeli authorities remains a cornerstone for peaceful resolution. Both parties must expend every effort to build upon existing agreements, including relevant UN Security Council resolutions, the Roadmap and the Arab Peace Initiative, to gain momentum towards a final status agreement.

The United Nations ultimate objective in Gaza is to see the lifting of all closures within the framework of Security Council resolution [1860](#) (2009) and in a manner which addresses Israel's legitimate security concerns. In the absence of such a change, the temporary Gaza Reconstruction Mechanism (GRM) enables the entry, use and monitoring of "dual use" construction materials into Gaza and offers the possibility of implementing large-scale projects that can bring reconstruction, jobs and stability. The GRM was designed as a temporary measure implemented purely to address the critical need for entry of construction materials in the immediate post-conflict period. After a slow start, the GRM has rapidly scaled up. As of 20 May, assessments for the repair of 94,926 damaged housing units conducted by the United Nations have been submitted through the GRM for processing to receive construction material. A total of 84,865 households have now procured the materials necessary to repair their homes.

In addition, the private sector and the international community have submitted plans for 168 infrastructure and construction projects, including hospitals, schools, housing projects, service infrastructure and roads. Of these, 85 projects are approved and eight are ongoing. It is now essential to finalize the "shelter stream" which will allow totally destroyed houses to be rebuilt and new houses to be constructed. Given the scale of work now required it is also essential that all available contractors be approved within the Gaza Reconstruction Mechanism Materials Monitoring System (GRAMMS). In addition, clear information has to be disseminated to all Gazans explaining how they can avail themselves of the GRM and the relevant points of contact within the Government of Palestine. Ensuring sufficient capacity at crossings is an additional enabler for reconstruction. In that regard, we are encouraged by the upgrading of the Kerem Shalom and Erez crossings to handle 800 trucks per day and plans to further raise capacity to 1,000 trucks per day.

The energy and water (wastewater treatment and desalination) sectors represent a fulcrum which makes progress across all sectors possible, including private sector growth. Improvements in these sectors will also have an immediate effect on the civilian population and would help the Gaza Strip increase its self-sufficiency helping to stabilize the overall situation. Annex A of the United Nations' September report to the AHL-C outlined current gaps in the energy and water sectors along with short, medium and long-term measures to address those gaps.

There are grave concerns about the implications of on-going political divisions within the Palestinian political leadership on the operationalization of the GNC. Prime Minister Hamdallah's efforts to find a solution for public sector employees in Gaza is welcome and particularly his commitment that nobody will be left behind. We encourage all factions to support these

efforts. The United Nations also stands ready to work with all stakeholders and support the Government in mobilizing the necessary resources for this process. A comprehensive reconciliation must include the GNC resuming control over the crossings into Israel and Egypt. The responsibility for addressing these issues lies first and foremost with the Palestinian authorities. But it also partly rests with the United Nations and the international community, which must empower the Government to take up its leadership role in Gaza, including through the fulfilment of donor pledges of US\$5.4 billion (including \$2.5 billion in new funding) to support Gaza's massive reconstruction needs and the budget of the Prime Minister Hamdallah's government through 2017. Economic activity contracted in 2014 for the first time since 2006, driven largely by the volatile political situation in the second half of 2014. Restrictions on economic activity in Area C of the West Bank have been detrimental to the whole Palestinian economy. The economic gap between Gaza and West Bank is growing, due primarily to the impact of on-going restrictions on free movement of people and goods to and from the Gaza Strip. The political and security situation in the West Bank, including East Jerusalem, continued to deteriorate.

Putting the Government's finances on a stable footing remains a considerable challenge. The GNC's financial crisis was compounded by the Government of Israel's decision to withhold tax revenues. While the recent release of outstanding tax revenues by Israel is welcome, it is essential that agreement on a sustainable solution on tax collection in line with the Paris Protocol of the Oslo Accords is reached.

The end of the hostilities in Gaza and the continued lack of a political horizon coincided with a gradual escalation of tensions between Israelis and Palestinians in the West Bank, including East Jerusalem, with heightened levels of violence and renewed settlement activities. The situation in occupied East Jerusalem continued to deteriorate, revealing the extent of the frustration that grips the Palestinian population after almost 50 years of occupation and underscoring the imperative for re-invigorated involvement of the international community. The increasingly religious nature of violence in Jerusalem and parts of the West Bank is particularly alarming. In the context of the increasing tensions in East Jerusalem, a series of targeted attacks on places of worship and other religious sites were recorded during the reporting period. Against the backdrop of rising tensions and increasing violence, the nearly 300,000 Palestinians resident in occupied East Jerusalem continue to face long-standing obstacles to their access to housing. There are also continuing challenges in accessing health facilities in the city. Access to and quality of education for Palestinians is likewise of continuing concern.

Area C is fundamental to the contiguity of the West Bank and the viability of Palestine and its economy. The process for approval of outline plans in Area C remains slow. Currently only three community-driven outline plans for four communities out of a total of 99 outline plans (some of which were submitted in 2010) covering 113 communities have been approved by the Israeli Civil administration (ICA). The United Nations continues to support local Palestinian authorities in developing adequate social infrastructure in Area C but the programme faces challenges due to the slow pace of Israeli approvals. The United Nations continues to support the construction and expansion of 15 schools and health centres in Area C, valued at approximately \$5 million. As previously reported, a package of agriculture-related works, valued at approximately \$5 million, to be implemented by the United Nations was not approved within the agreed timelines and, as a result, part of the funding has now been withdrawn. Finally, the United Nations remains concerned about the recent moves to relocate Bedouin communities near Abu Nwar in the politically sensitive El area of the West Bank that may be linked to further settlement construction.

<http://www.unsco.org/Documents/Special/UNSCO%20report%20of%20AHLC%20-%20May%202015.pdf>

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