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List of Acronyms

AHLC	Ad Hoc Liaison Committee
ARG	Arab Regional Grid
CBS	Central Bureau of Statistics
COGAT	Coordination of Government Activities in the Territories
ECD	Early childhood development
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GEDCo	Gaza Electricity Distribution Company
GPP	Gaza Power Plant
ICA	Israeli Civil Administration
IDF	Israeli 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
m ³ /d	Cubic metres per day
MCM/y	Million cubic metres per year
MW	Megawatt
MoEHE	Ministry of Education and Higher Education
MoH	Ministry of Health
NGEST	Northern Gaza Emergency Sewage Treatment Plant
NM	Nautical mile
NIS	New Israeli Shekel
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the High Commissioner for Human Rights

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

Executive Summary

Since the last meeting of the Ad-Hoc Liaison Committee in Brussels on 27 May 2015, the international community has continued to work to establish a path towards resumption of final status negotiations amidst a fragile and tense security environment.

The political and security situation in the West Bank, including East Jerusalem, deteriorated during the reporting period, with tensions increasing, particularly since June. This has been driven mostly by increasing violence between Palestinians and Israelis, a sharp rise in demolitions of Palestinian-owned structures, and clashes between Palestinians and Israeli Security Forces. In July a shocking arson attack by extremist terrorists against a Palestinian family, which resulted in the death of three of four family members, was strongly condemned by Israeli and Palestinian leadership alike, but nevertheless contributed to a spike in violence during August. Violence and continuing clashes in and around the Old City of Jerusalem are a source of deep international concern. As the Middle East faces a vicious tide of terror and extremism, such serious provocations have the potential to fuel violence well beyond the walls of the Old City. All must demonstrate restraint and respect for the sanctity of the area and refrain from provocative actions and inciting rhetoric. Construction of settlements continued despite significant slowdown in planning of new housing units for settlements in the West Bank and East Jerusalem.

In the absence of a political process, the rise of violent extremism and terrorism in the region presents a danger as much to the legitimate aspirations of Palestinians for statehood, as to the security of Israel. That is why bold and concrete actions are urgently required to stabilise the situation on the ground, to improve the lives of Palestinians, and to strengthen Palestinian unity in order to enable a return to meaningful negotiations. Implementation of existing agreements including the Paris Protocol is an essential next step, including a sustainable solution on tax collection which will help ensure predictable and unconditional transfer of tax revenues and offer transparency in relation to deductions made for monies owed by the Palestinian government. Multiyear financial support to the GNC is critical to enhance its fiscal stability.

Palestinian political divisions remain a fundamental challenge to the ability of the Government of National Consensus (GNC) to address the serious political, security, humanitarian and economic challenges in Gaza. To date, there has been little concrete progress in the Government's efforts to integrate the administrative, legal and financial systems and, crucially, of the security services, between the Gaza Strip and West Bank. Nevertheless, the GNC has made progress on a number of state-building objectives.

Area C is fundamental to the contiguity of the West Bank and the viability of Palestine and its economy. In a 2013 report the World Bank estimated that if restrictions on Area C were lifted, the combined direct and indirect economic benefit could total \$3.4 billion which would yield \$800 million a year of additional tax revenues. Greater and more far reaching progress for Palestinians in Area C is now essential. This includes establishing infrastructure, including to service areas A and B as well as the approval of community driven outline plans in Area C. So far of the 77 plans (out of the 108 drafted) that have been submitted to the Israeli Civil Administration (ICA), only three have been approved by the Government of Israel. In parallel, the Government of Palestine (GoP) must complement this effort through the National Spatial Plan.

The United Nations remains highly concerned about the recent moves to relocate Bedouin communities near Abu Nwar in the politically sensitive B area of the West Bank. The Susiya community located in southern Hebron is also at serious risk of forcible displacement. The continuing Israeli policy of settlement construction and demolition of Palestinian-owned structures in Area C and East Jerusalem remains deeply troubling. The UN continues to call upon Israel to freeze demolitions, to reverse 'relocation' plans and — critically — to expedite approval of outstanding planning submissions and enable community-led planning processes to move forward.

The situation on the ground in the West Bank, including East Jerusalem, remained volatile. The 300,000 Palestinians resident in occupied East Jerusalem continue to face long-standing obstacles to their access to housing resulting from the limited land available for construction purposes and the long and costly licensing process for approval of any new structures. Since the beginning of April 2015, 25 structures were demolished by the Israeli authorities, displacing 24 people including 8 children and affecting 152 people including 77 children. The Israeli authorities are urged to increase the area zoned for Palestinian construction in order to respond to the natural growth needs of the Palestinian communities, freeze demolition orders and ensure that planning for East Jerusalem is participatory and takes account of natural growth and the development needs of the resident population resident in East Jerusalem. Access to education for Palestinian children continues to be of concern due to shortage of affordable classrooms well as restrictions on access of teachers and pupils with West Bank ID cards.

The situation in Gaza remains precarious with growing discontent among the population. With power outages averaging 12 to 16 hours per day, and with 40,000 public sector employees not having received full salaries for over one year, the people of Gaza are suffering. The United Nations continues to call for a lifting of all closures on Gaza within the framework of Security Council resolution 1860 (2009) and in line with Israel and Egypt's security concerns. In the absence of such a change, the temporary Gaza Reconstruction Mechanism (GRM) increasingly enables the entry of material at scale and for a wide range of actors, including the private sector. Over 95,000 people have purchased construction material to repair their houses and work has begun on the 18,000 totally destroyed or severely damaged homes. Far more funding, however, is needed to support this as well as the next phase of reconstruction, including the rebuilding of entirely destroyed neighbourhoods like Shejaiyah. Finally, over 300 infrastructure and construction projects are now either underway or cleared to commence. Just under half of the projects in the system are privately funded Palestinian projects. Removing aggregate and bar, medical equipment, alternative electrical supply equipment and civil defence equipment from the dual-use list will ease unnecessary delays and processing time.

Energy and water are also desperately needed. Progress will require the establishment of a natural gas pipeline and the conversion of the power plant in Gaza to enable it to use that natural gas once the natural gas becomes available and the establishment of a high voltage line (161kv) to enable the temporary import of electricity until such time as the Gaza Power Plant can produce power using natural gas. Reliable energy is a pre-requisite to addressing Gaza's acute water crisis, including through the development of waste water treatment facilities as well as desalination. In turn, technical losses in the electricity network need to be reduced through continued network rehabilitation as well as increasing collection levels from end users, such as through the increased installation of prepaid meters. The contours of a comprehensive approach to these issues is outlined in Annex A of the September

I. Introduction

1. This report provides an update on changes on the ground in the occupied Palestinian territory (oPt) since the last meeting of the Ad Hoc Liaison Committee (AHLC) on 27 May 2015. The report covers the period 15 May 2015 to 1 September 2015 and outlines the key issues and recommendations on which the United Nations, together with the parties and the international community, will continue to work to make progress.

2. The report opens by providing an overview of the current political context. It outlines key developments with regards to Palestinian state-building, highlighting challenges and achievements, and then summarizes recent socio-economic trends across the oPt. The report then provides detailed analysis of the situation on the ground in the West Bank, including east Jerusalem. Lastly, it provides a detailed analysis of the situation in the Gaza Strip, including progress and challenges related to the reconstruction effort.

II. Political Context

3. *The period saw increasing efforts by the international community to establish a credible path towards the resumption of meaningful negotiations between Israelis and Palestinians.* Middle East Quartet Envoys held a series of discussions on reinvigorating the Quartet, and met with Egypt, Jordan and Saudi Arabia. Other initiatives included efforts by France for a UN Security Council Resolution and the creation of an International Support Group for the Peace Process. The UN has been emphasizing, as a first priority, the need to foster conditions on the ground that would enable a return to meaningful negotiations. These conditions would include substantial moves by Israel to improve the lives of Palestinians in Gaza and the West Bank including East Jerusalem, and by Palestine to consolidate an effective, unified government representing Palestinians throughout the territory.¹

4. *The new Israeli Government which took office in May, headed by Prime Minister Netanyahu, maintained the position in support of a return to negotiations without preconditions.* In July the government announced tenders for 800 new housing units in an East Jerusalem settlement. The Government of Israel eased restrictions on Palestinian movement particularly during Ramadan. These included, *inter alia*, 500 permits for Palestinians from the West Bank to fly abroad through Ben Gurion Airport, easing restrictions on Palestinians to access Al Aqsa and increasing the number of work permits for Palestinians to work in Israel. However, in response to violent incidents against Israelis in the West Bank a number of the easing measures were subsequently revoked.

5. *The Government of Palestine continued to pursue an internationalized strategy for achieving of statehood.* Since Palestine's accession to the Rome Statute on 1 April 2015 the Palestinian leadership has repeatedly stated that it is preparing information for submission to the Court on Israel's actions in Gaza during the 2014 hostilities, on its settlement policies and related violence, and on its human rights violations. President Abbas maintained his position which opposes boycott of Israel but encourages boycott of settlement goods.

6. *On 31 July a deadly arson attack by alleged Jewish terrorists killing three members of the Dawabsha family took place in the Palestinian village of Duma.* The Secretary-General joined Israeli and Palestinian leaders in condemning the attack and denounced the call by Hamas and Islamic Jihad to escalate violence and to carry out revenge attacks. In response to the tragedy, the Palestinian leadership decided on a series of actions on the international arena, including the promotion of a Security Council Resolution regarding "settlers' crimes", a call on the UN to establish a "special protection regime" for Palestinians in the OPT and the intention to sign onto additional treaties and conventions. On 3 August, the Palestinian Foreign Minister met with the Court's Prosecutor and submitted to her a report on the Duma attack and on settler violence more generally.² The Israeli government stepped up its efforts against groups of Jewish extremists who are believed to be responsible for violent attacks against Palestinians. However, the UN and the international community have expressed concern over the fact that the perpetrators still remain at large.

7. *Meanwhile, the calm that was restored at Haram Al-Sharif/Temple Mount following the agreement between Israel and Jordan in November 2014 was maintained,* through late July, including during the Holy Month of Ramadan during which Israel lifted the age restrictions for access to the Haram Al Sharif/Temple Mount for Palestinians from the West Bank. However, tensions began rising again around the Jewish holiday of Tish'a Be'av on 26 July, and peaked in late August as the Jewish High Holy Days were nearing, following the introduction by the Israeli authorities of sweeping access restrictions on Muslim women and young men to the Al-Aqsa compound. The stated objective of those measures was to prevent activities of Muslim groups which allegedly try to prevent Jews from visiting the compound. In addition, instances of vandalism continued against Muslim, Jewish and Christian, religious sites with limited success by the authorities to catch the perpetrators.

8. *Progress in making the Government of National Consensus (GNC) operational within the Gaza strip remained slow.* In mid-June, there was much speculation about the possible dissolution of the GNC. Following several days of internal Fatah discussions, a 22 June meeting of the FLO Executive Committee agreed to consult with all factions on forming a national unity government. While consultations failed, on 31 July, five new ministers were appointed in a GNC reshuffle. Hamas and Islamic Jihad rejected the reshuffle. Despite these setbacks, Prime Minister Hamdallah demonstrated renewed commitment on the crucial reintegration and reform of Gaza's public sector.

9. *The security environment in Gaza and the West Bank remained fragile and unpredictable.* Between 15 May and 31 August, 12 Palestinians were killed by Israeli forces and 584 were injured, including 103 children and 13 women. During the current reporting period, two Israelis were killed and 53 injured, including three women and four children. In comparison between 14 January and 14 May 2015, 10 Palestinians were killed by Israeli forces and 730 were injured, including 184 children and 26 women. During the same period, one Israeli was killed, and 42 injured, including two women and four children. Israeli security authorities reported on a continuous increase in stone-throwing and firebomb attacks by Palestinians against Israelis in the West Bank including East Jerusalem.

10. *The ceasefire that brought an end to the hostilities between Israel and Palestinian armed groups on 26 August 2014 is holding but remains fragile.* During the reporting period, 31 rockets were fired toward Israel by Palestinian militant groups, with 20 of them falling short within the Gaza Strip, three exploding at the launching sites, and eight rockets impacting open areas in Israel in six cases. In response, the IDF conducted a total of 15 airstrikes on Hamas and Islamic Jihad sites within Gaza. A total of four Palestinians were reportedly injured in two of these airstrikes. The UN Secretary General, Ban Ki-Moon condemned the firing of rockets by militants from Gaza towards Israel and called on all parties to prevent incidents that jeopardise the lives of Israeli and Palestinian civilians.³ In some cases Hamas has moved to prevent rocket fire by Salafist elements during periods of calm. On 31 July 2015, IDF warning fire resulted in the killing of a 17-year-old Palestinian boy who approached the fence in northwest of Beit Lahia.

11. *A Commission of Inquiry, established pursuant to a request from the Human Rights Council on 23 July 2014, was mandated "to investigate all violations of international humanitarian law and international human rights law in the Occupied Palestinian Territory,* including East Jerusalem, particularly in the occupied Gaza Strip, in the context of the military operations conducted since 13 June 2014, whether before, during or after, to establish the facts and circumstances...to identify those responsible, [and] to make recommendations, in particular on accountability measures, all with a view to avoiding and ending impunity". The Commission's report, which included recommendations aimed at promoting accountability by all sides, was released on 22 June 2015. Principle conclusions pointed to "serious violations of international humanitarian law and international human rights law by Israel and by Palestinian armed groups," some of which, it was noted, may amount to war crimes. The Commission urged all concerned to take immediate steps to ensure accountability and effective remedy.

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

13. *Construction of settlements continued despite significant slowdown in planning of new housing units for settlements in the West Bank and East Jerusalem.* According to information from Israel's Central Bureau of Statistics, between April and June 2015 there were construction starts of 297 units in West Bank settlement, compared to 686 in the previous quarter (January-March) and lower also from the previous quarter of 2014 (364 units). However, these figures do not cover construction in settlement outposts which are illegal according to Israeli law. In addition, there has been constant progress of planning and construction of settlement-related infrastructure, including bypass roads, tourism sites, and other facilities.

14. *The reconstruction process of Gaza moved from its early phase of repairs of damaged homes to large construction projects and the rebuilding of homes which were completely destroyed in last summer's war.* The reconstruction process, however, continued to be constrained by a shortage of funds. The UN maintains its position that the Gaza Reconstruction Mechanism is a temporary arrangement, and calls for a lifting of all closures on Gaza in the framework of UNSCR 1860.

15. *On 3 August, the Commissioner-General of UNRWA issued a special report to the Secretary General of the UN informing that the Agency faced its most severe financial crisis since its inception in 1949.* With a deficit of USD 101 million in its core budget, UNRWA risked having to delay the start of the school year for some 500,000 Palestine refugee boys and girls throughout the Middle East, including 250,000 in Gaza alone, had the shortfall not been addressed by mid-August. Already ahead of the mid-August deadline, protests, including by teachers at risk of unpaid suspension, were recorded in Gaza and the West Bank and threats of strikes by medical and other related workers increased tension. Host Governments including Jordan had expressed concerns about the possible implications for stability of a postponement of the school year and UNRWA's financial stability moving forward. However, with contributions from the Kingdom of Saudi Arabia, State of Kuwait, and the United Arab Emirates covering nearly half of the 2015 deficit and generous contributions from the United States of America, Switzerland, the United Kingdom, Norway, Sweden and the Slovak Republic, UNRWA secured USD 78.9 million in funding. Following confirmation of further efforts by the European Union to mobilize additional means to close the balance of the deficit for 2015, on 19 August it was announced that UNRWA schools would open on schedule.

III. Palestinian State Building

16. *Palestinian political divisions remain a fundamental challenge to the ability of the Government of National Consensus (GNC) to take up its rightful responsibility in addressing the serious political, security, humanitarian and economic challenges in Gaza.* To date, there has been little concrete progress in the Government's efforts to integrate the administrative, legal and financial systems and, crucially, of the security services, between the Gaza Strip and West Bank. The reconstruction of the Gaza strip has also been negatively impacted by political divisions. The creation of a "National Office for the Reconstruction of the Gaza Strip", under the leadership of the Prime Minister supported by the National Coordinator for Gaza Reconstruction, represents an important first step towards improving the coherence of government efforts. It is essential that this Office be further empowered. To this end, donors are requested to support the Office to ensure that it is appropriately resourced.

17. *Operationalization of the GNC as one unified government is also essential in order to safeguard and advance state-building gains made in recent years.* The extension of the GNC's authority across all of oPt is critical to retaining vital financial support from donors who are increasingly questioning the value of investments in state-building in the absence of both unity and a political horizon to achieve the two state solution. The operations of the PA have been constrained in the past quarters for want of a stable and sustainable revenue base. A sufficient and predictable revenue base is a precondition for an effective modern state. The gross domestic revenue of the PA has shown a high degree of variability from month to month. Fluctuations in the clearance revenue add to this variability. Arbitrary withholding of clearance revenues, which account for some 70 per cent of PA's total revenues, has impinged on the ability of the PA to plan its expenditure and in some cases to honour its commitments. While revenues withheld in the first quarter of 2015 were released in the second quarter, it dampened growth in the first quarter and introduced a degree of volatility in the government's budget. External budgetary support has also shown a high degree of

variability month to month since January 2014 with a decline in total aid. Palestinian authorities have had some success with measures to manage the fiscal crisis precipitated by withholding of clearance revenues. These measures include increasing tax revenues and lowering bank debt. Easing this constraint requires concerted action from the governments of Palestine, Israel as well as donors as discussed below. Ongoing efforts by both parties to audit electricity debts accrued by Palestinians is a welcome step and a required precursor to settle the outstanding debts to the Israeli Electricity Company.

18. *Civil service reform is urgently required to reduce the fiscal burden and ensure continuity of basic services and other government functions.* The non-payment of civil servants remains a serious concern: it is undermining the very existence of a unified governance framework across the OPT, as well as the delivery of public services in Gaza, placing an unnecessary financial burden on the GNC's core budget, and raising tensions between different groups. Prime Minister Hamdallah continues his efforts to find an acceptable solution to the problem of public sector employees in Gaza, ensuring that nobody will be left behind. The United Nations continues to call upon all key parties to support these efforts and supports the Prime Minister in this endeavour.

19. *Implementation of existing agreements including the Paris Protocol is an essential next step, including a sustainable solution on tax collection which will help ensure predictable and unconditional transfer of tax revenues and offer transparency in relation to deductions made for monies owed by the Palestinian government.* A comprehensive audit could be valuable in determining the precise nature and amounts of outstanding debts and tax leakage which could, in turn, be an important step towards achieving a sustainable solution to the challenge of revenue collection.

20. *Multi-year financial support to the GNC is critical to enhancing its fiscal stability.* In line with the 2014-2016 Palestinian National Development Plan (PNDP), the international community should facilitate increased fiscal stability by providing multi-year funding for the government's core budget. Multi-year commitments would enable the GNC to make longer-term administrative, legal and fiscal reforms, facilitate long-term investments in critical infrastructure and service delivery systems, and mitigate the need to resort to less sustainable and more costly short-term solutions to address budget gaps. Further, timely and comprehensive reporting by donors funding through implementing agencies will provide an improved understanding of the flow of funds for humanitarian and development activity and thus enable improved planning of expenditure.

21. *Despite the challenges faced during the reporting period, the GNC has made progress on a number of state-building objectives, in line with the PNDP, including the implementation of international human rights treaty standards.* In the process of preparing initial reports for the Geneva treaty bodies, baseline assessments for all relevant line ministries are also being undertaken. Draft reports on the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and International Covenant on Civil and Political Rights (ICCPR) are under review and work on the Convention on the Rights of the Child (CRC), International Covenant on Economic, Social and Cultural Rights (CESCR) and Convention on Rights of Persons with Disabilities (CRPD) reports started in August 2015. The Government has committed itself to an inclusive process of national consultations to finalise the reports which can serve as a strong basis for a human rights centred reform agenda.

22. *Education: The Ministry of Education (MoE) constructed 173 classrooms, refurbished 15 schools, and provided 18,110 furniture units to schools.* In addition, six Industrial Schools were inaugurated and 12 university libraries were established for the most vulnerable students.

23. *Housing and urban development: GNC submitted the State of Palestine's Report to the Secretariat of Habitat III (United Nations Conference on Housing and Sustainable Urban Development).* The report highlighted both the achievements made in the field of sustainable urban development during the last 20 years since Habitat II (1996) and identified the urban challenges that face Palestine, in particular those resulting from the occupation on urban development, housing, urban services, access to land and natural resources.

24. *Women's empowerment: The Ministry of Women's Affairs (MoWA) concluded a memorandum of understanding (MoU) with the American Near East Refugee Aid (ANERA) to improve the status of women in the economy.* The government will support accreditation of certificates of female university graduates, construct affordable housing projects for female-headed households, and provide economic empowerment to women through income generating small enterprises

25. *Security coordination: The Ministry of Interior (MOI) commenced a 3 year ministry-led organisational change programme with the support of United Nations.* The programme seeks to:

- Strengthen sector and institutional structures and civilian oversight;
- Strengthen sector strategic planning, monitoring and evaluation, research (and policy), and donor and aid management capabilities;
- Strengthen critical support services; and
- Increase the ability of the MOI to engage with its communities and improving the perception of the sector through a functioning media liaison and complaints unit.

26. *Energy: The Palestinian Energy Authority (PEA), finalised the Draft Law on Renewable Energy and Energy Efficiency, and developed instructions on net metering, a process that allows residential and commercial customers generating their own electricity from solar power or other sources to feed electricity they do not use back into the grid.* The PEA rehabilitated and expanded electricity grids in several areas of the West Bank and Gaza, constructed a Renewable Energy and Energy Efficiency Laboratory to assist research and metering initiatives, and invited tenders for oil exploration in the West Bank.

27. *Social Protection: The Ministry of Social Affairs (MoSA) continued implementing the Social Protection Sector Strategy 2014-2016, with the support of the United Nations, including working to enhance the design of the national social safety net system including the improvement of beneficiary selection, targeting criteria and the targeting process.* The National Tripartite Social Security Committee is finalizing a new social security law, which will be submitted to the Council of Ministers for adoption by the end of 2015. To this end, ILO is seeking donor support to the order of US\$ 3.7 million to provide technical support to the process of setting up an independent social security institution, governed by a tripartite board, which will administer and implement the new national social security system for private sector workers. A roadmap has been established, providing tangible next steps and timelines for the new administration. Finally, the ILO is carrying out activities to raise awareness of the new scheme, targeting private sector workers and other tripartite stakeholders.

28. *Disaster preparedness and response: As part of the follow up to the United Nations Disaster Assessment and Coordination (UNDAC) mission to Palestine in 2014, the National Disaster Risk Reduction (NDRR) Team gathered some 17 PA institutions, under the leadership of the President's office working towards establishing a coordinated policy and legal framework for Disaster Risk Management in Palestine.* The UN supported the establishment of a coordinated on-line platform to be used by the Palestinian Civil Defense (PCD), Governor Offices, municipalities, Palestinian Red Crescent Society (PRCS), UN agencies, clusters, international and national to strengthen operations rooms and emergency protocols during the recent winter storms. The system creates a common platform to collect process and analyze humanitarian needs among humanitarian responders operating on the ground. A range of information management tools have been developed, such as a disaster preparedness web portal, a smartphone application to enhance real-time data collection and assessment capabilities, and a cutting-edge mapping tool. In June 2015, the United Nations handed over emergency preparedness tools to the PCD. The tools support the PCD's response capacity during emergencies and will help further build the PCD's ability to respond to emergencies.

29. *The UN remains committed, through the UN Development Assistance Framework (UNDAF), to supporting the GNC in achieving the goals outlined in the PNDP.* Identify key areas and examples of support within existing cycle plan. To date, funding levels for the UNDAF are \$563 million of the \$2.15 billion needed over the 2014-16 period. These revised requirements include interventions previously presented under the UN Support Plan for the Transformation of the Gaza Strip. In addition to continuing its support to the current PNDP, the UN will strengthen its engagement in the development of the new national planning document and the associated CA/UNDAF which will begin after the start of the successor of the current Palestinian National Development Plan, and cover the years 2018-2022. The UN will both work to support the efforts of relevant line Ministries, but will also use the large amount of new data available, including the GNC comprehensive assessment of progress against the Millennium Development Goals (MDGs) and the Multiple Indicator Cluster Survey (MICS) 5 prepared by Palestinian Central Bureau of Statistics (PCBS) to strengthen its planning and programming.

IV. Key Socio-Economic Developments in Palestine

30. *The nascent economic recovery in the fourth quarter of 2014 stalled in the first quarter of 2015.* Real GDP for Palestine was marginally lower in the first quarter of 2015 as compared with the previous quarter due to a 3 per cent contraction in economic activity in the West Bank (1.8 per cent growth year on year) tempered by a 6.7 per cent growth in Gaza (8 per cent contraction year on year). Thus the gap between Gaza and the West Bank fell for the second consecutive quarter after rising sharply through the previous three quarters.

31. *Household consumption expenditure, gross capital formation and exports declined in the West Bank.* In Gaza household final consumption increased while exports fell. Gross capital formation in Gaza continued to be negative for the fifth consecutive quarter.

32. *Significant contractions compared with the previous quarter in the agriculture, forestry and fishing (40 per cent), as well as the mining, manufacturing, electricity and water (MMEW) (10 per cent) sectors in the West Bank were countered by a 10 per cent growth in the wholesale and retail trade (WRT) sector which overtook the service sector as the largest sector in the first quarter of 2015.* Gaza's growth in the first quarter of 2015 was driven primarily by spurts in the MMEW, WRT and construction sectors. Both Gaza and West Bank saw contraction in public administration and defense (6.7 per cent and 10 per cent, respectively). A portion of the trade that had previously taken place through illegal tunnels between Gaza and Egypt is now going through the Kerem Shalom crossing and is therefore being recorded in official statistics. It is possible that a portion of Gaza's growth in the first quarter of 2015 may be attributable to this part of the previously unaccounted for economy moving to officially recorded channels.

33. *The unemployment situation remains dire, especially in Gaza, raising concerns about increased radicalization of youth.* Unemployment rates in the Gaza Strip have been consistently higher than in the West Bank for many years but due to deteriorating economic conditions in Gaza, this gap has widened in the last three years. The youth unemployment rate in Gaza, for instance, has consistently been almost double the rate in West Bank in the last six quarters.

34. *There was a slight decline (0.9 percentage points) in unemployment rates in Palestine.* The unemployment rate in the West Bank declined (1.1 percentage points) mainly due to a contraction in labour force participation. It declined by a similar magnitude (1.2 percentage points) in Gaza despite greater growth in its labour force participation. Thus the number of jobs created in Gaza is somewhat larger than the decline in the unemployment rate would indicate. However, even adjusting for the additional job seekers in the first quarter, the unemployment rate in Gaza remains above 40 per cent. Further, the greatest declines in unemployment rates in the first quarter of 2015 were among the youth (15-19 year olds) who are likely to be at the lower end of the wage spectrum. Unemployment rates for the general population and also for the youth stalled again in the second quarter of 2015.

35. *Unemployment rates for women continued to be higher than those for men across the board, despite their significantly lower labour market participation rates.* In Gaza, the unemployment rates among women increased in the second quarter of 2015, going above 59 per cent for the third time in the last six quarters.

36. *The scale of Palestine's unemployment rate, the persistence of high unemployment rates and the distribution of new employment generated indicates that growth alone will not be sufficient to address Palestine's unemployment problem in the near to medium term.* While employment elasticity of growth has been exceptionally high in some quarters, in terms of absolute numbers the gains are too small to have a significant impact. Neither can short term cash-for-work programmes be expected to address chronic unemployment. Jobless growth, particularly in Gaza, if allowed to persist will worsen inequality and fuel social tensions further. The Government of Palestine should now work to develop a comprehensive strategy to ensure greater job creation and greater equity in access of various groups to job opportunities. In keeping with practices established prior to 2007, the Government of Israel is encouraged to consider work permits for Gazans to work in Israel. Further, all parties need to recognize that full implementation of the Paris protocol is a prerequisite for addressing the unemployment problem in the long run.

37. *Multi-year funding for humanitarian and development assistance programmes implemented by the United Nations and partners is critical to address the socio-economic*

situation. So far in 2015, the international community has provided \$314 million (44.5 per cent) of the \$706 million requested for humanitarian aid in Palestine through the Strategic Response Plan (SRP) 2015, leaving a shortfall of \$392 million. On the development side, funding levels for the UNDAF are \$563 million of the \$2.15 billion needed over the 2014-16 period. These revised requirements include interventions previously presented under the UN Support Plan for the Transformation of the Gaza Strip.

V. Situation on the Ground

V.1 Movement and Access: West Bank and Gaza

38. *Although Barrier construction was minimal during the reporting period, the finished segments have grave implications for Palestinians and the viability of a Palestinian state.* On 6 July the Israeli High Court ruled that the IDF can begin construction of a section of the Barrier through the Cremisan Valley which will cut off the Cremisan Monastery from Beit Jala and severely restrict the access of 58 families to their agricultural land. Preparatory work on this section reportedly began on 17 August. Approximately 64.2 per cent (456km) of the projected 710-kilometre-long Barrier has been completed.

39. *The Barrier and its associated regime of permits and gates is the primary obstacle to the free movement of Palestinians within the West Bank.* If completed as planned, it would leave 9.4 per cent of the West Bank on its western, or the "Israeli" side.⁷ Most Palestinian farmers need special permits to access their farming land between the Barrier and the Green Line, which has been declared a "closed area." For those granted permits, entry to the "closed area" is channeled through some 85 gates designated for agricultural access. Data collected by the United Nations show that olive trees in the area between the Barrier and the Green Line have an approximately 60 per cent reduction in yield compared to their equivalents on the "Palestinian" side of the Barrier. As per the 2004 Advisory Opinion of the International Court of Justice (10), the section of the Barrier that runs within the West Bank (currently approximately 85 per cent) is illegal and must be removed.

40. *During the reporting period of May to September 2015, COGAT made a number of policy adjustments, which have to a degree eased movement and access for eligible groups of the general population.* In the West Bank this includes the authorisation of West Bank ID holders of a certain age (women 50 years and older; men 55 years and older) to enter Israel, including Jerusalem, without a permit. Additionally COGAT has authorised a select number of medical personnel to drive in Israel and has eased restrictions at a number of checkpoints, including Al Jib and DCO. The ICA has continued to approve a higher quota of permits for merchants and professionals seeking to participate in seminars in Israel. The quota of permits for merchants holding Gaza IDs has also increased to 3,000 from less than 500 given prior to the war. In recent months, the quota has further increased to 5,000. Another notable easing for Gaza ID holders has been the weekly authorisation of permits for approximately 200 civilians (above the age of 60) for day-long travel to Jerusalem to attend Friday prayers.

41. *Restrictions on movement of aid workers are impeding humanitarian and relief efforts in Gaza.* The number of people traveling through Erez continues increasing due to a range of measures introduced by the Israeli authorities since the beginning of the year and aimed at easing the movement of Palestinians. Over 18,300 people crossed through Erez into Israel in August 2015 as compared with 9350 people in January 2015. However the access of personnel working for international organizations into and out of Gaza continues deteriorating, a trend observed since the end of hostilities in summer last year.⁸

42. *Following the disappearance of two Israeli citizens into Gaza, Israeli Ministry of Defense in August introduced a ban on entry of Israeli Arabs and East Jerusalem ID holders into Gaza, affecting thousands of people and hundreds of aid workers among them.* In light of the overall deterioration of Gaza permit processing for international organizations' personnel in general, and increasing difficulties that our Gaza based staff face in obtaining permits to exit Gaza in particular, this most recent ban is restricting the operations of international organizations and thereby hindering their ability to provide relief to the most vulnerable populations. Entry of Jewish Israelis into the Strip has been forbidden for nearly a decade.

43. *For the first time since 2012, the list of dual use items for Gaza has been revisited twice this year.* While some of the prohibited items, including water pumps, and certain elements and tools for blood analysis⁹ were delisted, others such as wood of specific dimensions and items related to electricity supply were added. The composition of the list, non-transparent manner in which items are added and their broad nature of the descriptions provided remains problematic. The import of essential material, particularly equipment for medical and civil defense purposes or electrical supplies remains cumbersome and inefficient as a result. The addition of items to the dual-use list delays the recovery/reconstruction effort in Gaza, thus increasing frustration and security risks while the additions will further erode basic service provision. Removing aggregate and bar, medical equipment, alternative electrical supply equipment and civil defence search and rescue equipment should be removed without delay from the dual list.¹⁰

V.2 West Bank Overview

44. *The political and security situation in the West Bank, including East Jerusalem, continued to be volatile during the reporting period.* Between May 2015 and 10 August 2015, Israeli Security Forces carried out 1,096 search and arrest operations arresting 1,511 Palestinians. In 2014, there was a 139 per cent increase in the number of refugees injured by live ammunition from Israeli security forces in and around refugee camps, as compared to 2013 (122 injuries, compared to 51 injuries in 2013), yet the number has declined significantly in 2015, and it stands on 37 for the period between January and mid-August. Till mid-August 150 refugees were injured in or around camps as compared with 778 in 2014 and 486 in 2013. So far in 2015 (16 August 2015), seven refugees have been killed, including four in and around refugee camps.

45. *Between May and August 2015 the number of settler attacks against Palestinians across the West Bank remained largely unchanged, compared to the period between January and April 2015 (71 incidents as compared with 72).* Settler harassment continued as well.

46. *In an incident in August a total of 22 structures were demolished in four Bedouin refugee communities in Area C near East Jerusalem, displacing 78 Palestinians, including 49 children.* This is the largest number of Palestinians displaced in the West Bank in one day in nearly three years and affected some of the most vulnerable communities in the West Bank. Many of these refugee families have now been displaced four times in the last four years. The four communities are included in Israeli plans to relocate Palestinian Bedouin communities to three designated sites. In the West Bank as a whole, as of 31 August 2015, 450 structures have been demolished in 145 incidents, affecting 1879 people (including 797 children), of whom 521 were displaced (including 295 children). Of these 450 structures, 88 are donor funded. In comparison, as of 31 August 2014, 403 structures were demolished in 132 incidents, affecting 1185 people (including 634 children) of whom 822 (including 442 children) were displaced. In August 2015 alone, Israeli authorities demolished a total of 142 Palestinian-owned structures in Area C and East Jerusalem, the highest such figure in over five years, displacing 201 Palestinians, more than half of them children.

V.3 West Bank: Area C

47. *Area C, accounting for over 60 per cent of The West Bank, is fundamental to the contiguity of the West Bank and the viability of Palestine and its economy.* It is essential for the expansion of public infrastructure, such as transportation, water and electricity networks, wastewater treatment plants and landfills, private sector development. It is also essential for the development needs of Palestinian communities across the entire occupied Palestinian Territory. Palestinians remain unable to access Area C's potential due to the on-going administrative and security control of the area by the Israeli authorities, including planning and zoning restrictions and continuing settlement expansions.

48. *The United Nations will continue to support Palestinian authorities and communities in developing adequate social and economic infrastructure in Area C. As part of a joint effort together with the then US Special Envoy to the Middle East Peace Process and the then Office of the Quartet Representative, the United Nations previously supported the construction and expansion of over 30 schools and health centres in Area C through a time-effective permitting process which ensured permits were obtained within a 4-6 months period.* It is essential that this reliable and time-effective permitting process is made available to a wide range of Palestinian stakeholders to facilitate Palestinian development in Area C and unlock substantial economic potential. Regrettably, however, a package of agriculture-related works, valued at approximately \$5 million, to be implemented by the United Nations with financial support from the British and Dutch governments, was not approved within the agreed timelines and, as a result, part of the funding has now been re-allocated outside the oPt.

49. *Israeli Restrictions on economic activity in Area C of the West Bank have been detrimental to the whole Palestinian economy.* If restrictions on Area C were lifted, the combined direct and indirect economic benefit could total \$3.4 billion, translating into additional tax revenues for the GNC of \$800 million a year.¹¹ The bulk of this would come from agriculture and extraction of Dead Sea minerals.

50. *There are a number of measures the Government of Palestine can take in parallel to the changes described in paragraph 48 above.* First, Palestinian authorities are encouraged to initiate administrative reforms that would enable potential investors to more easily register businesses, enforce contracts, and acquire finance. Second, the Palestinian Authority is encouraged to accelerate its drive towards complete land registration which once completed would have significant impact on the development of all areas, including large tracts lying in Area C of the West Bank.¹²

51. *The process for approval of outline plans in Area C remains slow and inadequate, impeding development and placing homes, infrastructure works as well as small-scale agricultural activity at risk of demolition.* Currently only three community-driven outline plans for four communities out of a total of 77 outline plans submitted to the Israeli Civil Administration (ICA) (108 were drafted) have been approved.¹³ The remaining communities remain unable to address their housing and service needs without fear of demolition, displacement or other action by the Israeli authorities.

52. *An independent group of international planners invited by UN-Habitat to review the applied planning regime in Area C and the community-driven plans, concluded that the plans produced by the local communities are technically sound.* It calls on the ICA to authorise these plans without delay. The Government of Israel is urged to expedite approvals for the outstanding outline plans, enabling community-led planning processes that are essential for the demographic and economic growth of these communities, and to halt demolitions of Palestinian homes and other structures built without Israeli permits, until such time as appropriate outline plans for all Palestinian communities are developed and endorsed. In developing those outline plans the relevant stakeholders need to ensure that the parameters used, such as the relation with neighbouring communities, the inclusion of agricultural lands and the contiguity of those plans across the A/B/C divide are taken into consideration. With the development of outline plans gaining momentum it is increasingly important the Government of Palestine ensure that this effort is captured and complemented by an oPt wide planning effort, in particular the National Spatial Plan.

53. *In 2015 so far, demolitions have increased in number and overall impact as compared with the same period in 2014.* As of 31 August 2015, 386 structures have been demolished in 109 incidents, affecting 1532 people (including 624 children), of whom 482 were displaced (including 278 children). Of these 386 structures, 83 are donor funded. In comparison, as of 31 August 2014, 350 structures were demolished in 90 incidents, affecting 994 people (including 546 children) of whom 668 (including 365 children) were displaced. In August 2015 alone, Israeli authorities demolished a total of 142 Palestinian-owned structures in Area C and East Jerusalem, the highest such figure in over five years, displacing 201 Palestinians, more than half of them children.

54. *Palestinian access to land and other natural resources in Area C is fundamental to address development needs of the growing population across the West Bank and to facilitate investment.* The applied planning regime in this area restricts the ability of the Palestinian authorities and the private sector to invest. For instance, the construction of the planned solid waste recycling plant in Deir Sharaf to the west of Nablus, which, when constructed, would bring important economic and environmental benefits including energy production and job creation for the wider northern West Bank. The municipality of Nablus continues its coordination efforts with the national counterparts to ensure efficiency in the future implementation of the project. The Israeli authorities are urged to ensure access to natural resources in Area C, including water, and to facilitate investment of large infrastructural projects.

55. *The United Nations remains highly 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. Abu Nwar is among those communities in the central West Bank that the Israeli authorities ordered to be “relocated” in the nearby Al Jabal site. The continuing Israeli policy of settlement construction and demolition of Palestinian-owned structures in Area C of the West Bank, including East Jerusalem is deeply troubling. The UN calls upon Israel to freeze demolitions, to reverse ‘relocation’ plans and — critically — to expedite approval of outstanding planning submissions and enable community-led planning processes to move forward.

56. *The Susiya community located in southern Hebron is also at serious risk of relocation.* The ICA has refused to issue a planning scheme for the community, which prevents the residents from building legally. During July, the ICA announced that it will demolish illegal structures by the end of the month of Ramadan.¹⁴ The international community warned that demolishing the village would have severe ramifications and called to cancel the “transfer” of Susiya residents.¹⁵ Although, the Civil Administration retreated from its previous decision and is currently preparing a proposal to be negotiated with the community, the risk of demolishing the village remains. The Israeli authorities are urged to halt demolitions and to support planning schemes for communities in Area C, allowing them to address their infrastructural and social service needs.

V.4 West Bank: East Jerusalem

57. *The situation in the West Bank, including East Jerusalem, remained volatile.* Provocative actions and language continue to heighten tensions surrounding the Haram Al-Sharif/Temple Mount. The UN continues to call upon religious and political leaders on all sides to prevent extremist elements from abusing the sanctity of Holy Sites while emphasizing that maintaining the status quo is in the interest of all and is essential for stability.

58. *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.* Since the beginning of April 2015, 25 structures were demolished by the Israeli authorities, a decline compared to the previous reporting period, displacing 24 people including 8 children and affecting 152 people including 77 children. The Israeli authorities are urged to freeze demolition orders and ensure that planning for East Jerusalem is participatory and takes full account of natural growth and the development needs of the resident population.

59. *Under the current spatial plan of East Jerusalem, only 13 per cent of East Jerusalem land is allocated for Palestinian development and construction.* Most of this land is already built on, with a population density that exceeds 300 persons/hectare. This leaves very little vacant land for further development. Further, obtaining a building permit is an arduous, complex and expensive process that can take many years. As a result, housing and land prices are extremely high. This places a large financial burden on young families and those with limited income who have to live in the city to maintain their residency right. Financial support for housing projects targeting these groups in the city is of significant importance.

60. *Building rights in Palestinian areas are limited, often not exceeding 50-70 per cent of plot area, compared to 75-120 per cent¹⁶ in Israeli neighborhoods.* Most Palestinian neighborhoods in East Jerusalem suffer from high density, poor living standards and deteriorating housing fabric, in addition to inadequate public facilities and services. Large portions of Palestinian neighborhoods in East Jerusalem fall outside the planned areas. It is estimated that approximately 39 per cent of construction carried out by Palestinians in East Jerusalem is unlicensed and is facing repeated fines, and threat of demolition.¹⁷ Moreover, more than 99,000 Palestinian residents of East Jerusalem are isolated behind the barrier with poor living conditions, and complete detachment from the city. Currently, there are several Palestinian community-led initiatives to develop neighborhood plans that secure building and development rights, freeze demolition orders, and enable the formalization of homes built without permits. There is a need to support these initiatives and accelerate the authorization of these plans.

61. *The barrier permit requirements and the blockade of Gaza are making it difficult for Palestinians living outside of East Jerusalem to seek healthcare in the city.* Palestinians who have permanent residency status in the city are entitled to the health services provided by the Israeli authorities. They can also access the six Palestinian-run non-profit hospitals in the city.¹⁸ Residents of the remainder of the oPt also rely on these hospitals for routine, specialized and emergency health services which are unavailable elsewhere in the West Bank and the Gaza Strip. However, the permit regime, checkpoints, the Barrier, and the blockade of Gaza, make access difficult. Access to healthcare is a basic right and the dignity of patients seeking healthcare must be protected.

62. *Access to education for Palestinian children continues to be of concern due to shortage of affordable classrooms well as restrictions on access of teachers and pupils with West Bank ID cards.*¹⁹ Staff and students in the schools inside Haram Al-Sharif/Temple Mount are also facing additional difficulties in accessing their schools through the different gates of the Compound. It is important that all involved authorities and parties should collectively work to ensure that Palestinian children can access their right to education safely.²⁰ This also requires teachers to have safe access to schools.²¹

63. *In 2011, the Israeli Municipality of Jerusalem and Ministry of Education revised Palestinian textbooks removing references to Palestine, Palestinian identity and Palestinian culture.* This impinges on the rights of parents to choose the kind of education that shall be given to their children. The Municipal authorities have issued a letter stating that no school is permitted to purchase their textbooks from any source other than the municipality.

V.5 Gaza Strip

64. *Last year’s round of hostilities in Gaza took a severe toll on Gaza’s already poor housing situation.* In total, close to 170,000 housing units were affected of which about 12,600 were completely destroyed and over 5,000 damaged so severely as to be uninhabitable. One year after the ceasefire, the United Nations, NGOs and other partners have provided assistance to over 80,000 families in the form of grants to repair and rebuild homes as well as rental subsidies to those displaced from their residences and transitional shelters. The value of this assistance has been \$243 million. Nevertheless, much remains to be done. Over 100,000 families have yet to receive aid. This includes some 15,000 families who have received rental subsidies but are still waiting to receive cash grants to rebuild their homes. In addition, close \$800 million in financing needs remain unmet. Some transitional shelter arrangements will need to be upgraded, for instance for those families that have been moved into inadequate prefabricated containers.

65. *The United Nations continues to call for a lifting of the blockade within the framework of Security Council resolution 1860 (2009) and in line with Israel and Egypt’s security concerns.* In the absence of such a change, the temporary Gaza Reconstruction Mechanism (GRM) — a bilateral agreement between the Government of Israel and the Government of Palestine, enables the entry of material at scale and for a wide range of actors, including the private sector. As of end-August, about 95,000 people have purchased construction material to repair their houses. In late June, the Ministry of Public Works and Housing commenced the residential stream, a simplified process for the entry of construction material to rebuild the 12,600 totally destroyed homes and the 6,500 severely damaged homes. This stream will also make it possible to address the pre-war deficit of over 70,000 housing units in Gaza. As of end-August, over 2,600 housing units have been cleared for construction, of which over 1200 have procured the required construction material. Many families have reportedly commenced with the reconstruction. Furthermore, under the mechanism’s project stream processing of construction projects is ongoing with 408 projects including housing projects, water networks and schools having been submitted, or in the process of being submitted, for Israeli approval. Of these, around 20 have been completed, over 160 are ongoing and a further 150 are cleared to commence. In addition, all parties to the GRM should take steps to ensure that all interested stakeholders in Gaza²² have equitable access to the mechanism. This will ensure that all interested stakeholders are able to implement construction projects.

66. *In other areas, the recovery and reconstruction process continues to progress.* Out of an estimated 2 million metric tons of rubble generated by the conflict, approximately 800,000 have been removed, 465,000 by the United Nations. Out of an estimated 7,000 pieces of unexploded ordnance (UXOs) close to 2,300 have been cleared by the United Nations. Out of 60 damaged health centers, 49 have been repaired. All 83 schools run by the United Nations in the Gaza Strip which had been damaged during the conflict have been repaired, however repairs of 18 schools that served as collective centres for the extended displacement are ongoing and replacement of furniture rendered unusable during the use of school buildings as shelters/OCs has stalled due partially to insufficient funding and in part due to the addition of wood to the Government of Israel’s list of dual use items. Out of the 200 Government of Palestine run schools damaged during the conflict 38 have been repaired. In the water and sanitation sector, Palestinian government entities have repaired all reservoirs, desalination plants and pumping stations that were damaged during the hostilities among other things. Recovery in the agriculture sector that employs an average of 9 percent of the work force in Gaza Strip, is slow. One year after the end of the conflict, damages to agricultural livelihood assets are still awaiting reconstruction. As of August 2015, only 16 percent of the destroyed water wells, 4 percent of destroyed trees orchards, 27 per cent of destroyed vegetables fields, none of the totally damaged greenhouses, 65 per cent of partially damaged greenhouses, 35 per cent of damaged sheep and cattle farms and 60 per cent of damaged poultry farms have been rehabilitated.²³ Donors are encouraged to support these works.

67. *Continued scale up of engagement with local stakeholders, better coordination, improved monitoring and the communication of results is essential to ensure that Gaza is ‘built back better’.* Engagement of the Gaza level coordinating committee with Municipalities is essential to begin preparations for construction/ reconstruction of large scale neighbourhoods. Neighbourhood-level plans and strategies, including for instance urban planning and assignment of title deeds, are now required for the next phase of housing reconstruction. The Government of Palestine, needs to continue outreach to all parties, particularly Gazans in order that all understand how they can benefit from the GRM. Further, identifying a focal point within Ministry of Civil Affairs who can confirm receipt of project submissions and criteria for selection of vendors and contractors will help improve efficiency.

68. *Further concrete actions now needed to accelerate Gaza’s reconstruction.* Remaining schools and universities, health centers and hospitals have to be repaired and, in some cases, reconstructed. The pace at which neighbourhoods are cleared of rubble and Explosive Remnants of War (ERWs) has to be stepped up. Amid the most urgent reconstruction concerns it is critical to not lose sight of seeking to build back better, for example through improved planning of rebuilt neighbourhoods where practicable. In addition, the restoration of basic services is a priority. In that regard, reports that the government has succeeded in connecting 95 per cent of Gazans to the power grid is welcome news.²⁴ Meeting the needs of Gaza’s growing population will not be served by merely returning the coastal enclave to the dire pre-conflict state. In the water and energy sectors, it will be essential to arrive at a sustainable solution that goes beyond the pre-conflict insufficient supply.

69. *While reconstruction is essential for Gaza, it is not sufficient to secure a sustainable future. Gaza needs to be able to trade with the world, starting with expanding its transfers to the West Bank and exports to Israel.* It needs industry and an economy. For this to be possible, we must address Gaza’s energy and water needs now. This would require the establishment of a natural gas pipeline and the conversion of the power plant in Gaza to enable it to use that natural gas once the natural gas becomes available and the establishment of a high voltage line (161kv) to enable the temporary import of electricity as a bridging measure in the interim (that is until the Gaza Power Plant can be supplied with natural gas). Reliable energy is a pre-requisite to addressing Gaza’s acute water crisis, including through the development of waste water treatment facilities as well as desalination. In turn, technical losses in the electricity network need to be reduced in Gaza through continued network rehabilitation as well as increasing collection levels from end users, such as through the increased installation of prepaid meters. Combined and with the import of cost-effective electricity and ultimately the production of cost-effective electricity at the Gaza Power Plant an economically feasible electricity sector can be achieved. The contours of a potential approach, previously been articulated in Annex A of the September 2014 UNSCO AHLC report, remains valid.

70. As highlighted at the Cairo Conference in October 2014, the recovery and reconstruction process presents an opportunity to bring about transformational change in Gaza. To date, however, there has been only limited progress in terms of “building back better”.

a. *The chronic lack of energy undermines all basic service provision.* 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 2014 report to the AHLC outlined current gaps in the energy and water sectors along with short, medium and long-term measures to address those gaps. While these would be rolled out over the time periods identified in the paper, the interdependent nature of each element requires that agreement is required on the entire programme identified therein if each individual element is to progress.

b. In terms of short-term solutions to increase access to water, substantial progress has been made since the August 2014 ceasefire in construction of the largest of three low-volume (STLV) seawater desalination plants identified in the strategy of the Palestinian Water Authority. Of the 20,000m³/d that plant will serve the Khan Younis and Rafah governorates, infrastructure facilities consisting of a 18km long pipeline, 2,000m³ water storage tank, facilities buildings as well as power supply and transmission works, relating to the 6,000m³/d 1st phase of this plant, have now been completed. Full operationalization is expected by the end of 2015. In addition, the approval of a further five million cubic meters (MCM) of water per year are being brought into Gaza through the Nahal Oz pipeline is welcome. This brings the total to 10 MCM.

71. *The hostilities in 2014 had a devastating impact on an already weak economy.* While there has been some progress further more far reaching changes are required if Gaza is to begin recovery and transform its economy. While there has been some easing of restrictions this year, a full economic recovery will ultimately require a lifting of the blockade. The resumption of exports to Israel and of commercial transfers to the West Bank has resulted in a significant increase from a total of 228 truckloads during 2014 to 720 truckloads during the first eight months of 2015. However, the monthly average of 90 truckloads in 2015 is equal to just 8 per cent of the monthly average in the first quarter of 2007 (1,099 truckloads). Not all businesses in Gaza are allowed to export, few commodities (including vegetables, some processed foods, textiles and furniture) are allowed, and quantities are subject to limited quotas defined by Israeli authorities. Furthermore, after eight years of blockade Gaza companies need to rebuild personal networks and readapt to the markets in Israel and the West Bank, which traditionally were the destination of 85 per cent of the goods leaving Gaza. Despite intentions to resume the transit of containers for the UN through Kerem Shalom using the existing scanner in mid-May 2015 and then delayed until mid-August, this initiative has still not been operationalised. The installation of a scanner which is funded and installed by the international community should allow for greater capacity at Kerem Shalom, which is especially important as demand continues to grow and the crossing is processing trucks at maximum capacity now.

72. *Addressing chronic unemployment requires moving beyond short-term cash-for-work programmes towards a more comprehensive strategy.* The cash-for-work programmes are continuing with the primary purpose of providing short term relief, but cannot be a solution to chronic unemployment.

73. *The recent opening of Rafah for two way traffic represents a positive step.* Regrettably, following attacks in the Sinai in which 21 Egyptian soldiers were killed, access through Rafah has been restricted again. The short-term two-way opening of Rafah provided a much needed opportunity for Gazans to travel to Egypt, for example to pursue their education or seek medical treatment. Longer and more frequent openings of the Rafah crossing, the security situation permitting, would be beneficial to Gaza's civilian population.

Endnotes

¹ Pursuant to resolution 43/177 of 15 December 1998, the designation "Palestine" was used in place of the designation "Palestinian Liberation Organization" in the United Nations. Pursuant to the General Assembly resolution 67/19 of 29 November 2012, Palestine became a non-member observer State in the United Nations.

² Accession to the Rome Statute is an important strengthening of the tools available to ensure accountability for violations of international law in the oPt. However the ICC should not be seen as a substitute for efforts by all duty bearers to strengthen their own domestic accountability mechanisms in line with the Statute's principle of complementarity.

³ <http://www.un.org/apps/news/story.asp?NewsID=51062#VegKanshNIE>

⁴ Representing workers, employers and the Ministry of Labour.

⁵ PCBS Preliminary Estimates of Quarterly National Accounts, First Quarter, 2015

⁶ PCBS Report on Labour Force Survey 2015 Q2 and Q1

⁷ Available at https://www.ochaopt.org/documents/ocha_opt_barrier_factsheet_july2013_english.pdf

⁸ During the first half of 2015 (January through June), the approval rate of permit requests made on behalf of national UN staff wishing to travel in and out of Gaza declined to 71 per cent from 78 per cent observed during the same period last year and before hostilities, the ratio of unprocessed applications or those that were not given due attention increased from 9 per cent to 24 per cent while the average processing time doubled, from 10 working days before the hostilities to 20 days in the first half of 2015.

⁹ The full list includes certain products used to line walls/roofs for damp-proofing and insulating homes, water pumps for use by the Palestinian Water Authority, certain building sealants, galvanized tin up to 4mm thickness, and certain elements and tools for blood analysis.

¹⁰ Aggregate — which is readily available in Gaza and as a non-active ingredient in concrete it should not be included on the dual-use list.

¹¹ Medical equipment—the list does include medical equipment, some times explicitly such as the inclusion of x-ray machines and in other instances as part of broader categories, such as disinfectants, which are included on the basis of their chemical content. All medical equipment should be treated as essential humanitarian supplies and should be allowed in without impediment.

¹² Alternative electrical supply equipment—the latest COGAT lists include Uninterrupted Power Supply (UPS) components. With the regular blackouts in Gaza, equipment used to sustain electrical supply are essential to the continuing function of essential health and WASH equipment and facilities, and it is difficult to understand the security threat imposed by a UPS system. Indeed UPS are a Gd requirement for vendors, contractors etc to participate in the GRM so must be allowed into Gaza in order to fulfil that Israeli requirement.

¹³ World Bank (2014): Area C and the future of the Palestinian economy available at: <http://documents.worldbank.org/curated/en/2014/07/19798093/area-c-future-palestinian-economy>

¹⁴ Spatial Planning in Area C of the Israeli occupied West Bank of the Palestinian territory Report of an International Advisory Board/ May 2015 page 11;

¹⁵ The system of land registration in Area C is complex, contested and incomplete. The deficiencies of this system are more significant in the largely rural Area C than in the urban areas of the West Bank, and impact directly on the operation of planning. The lack of a complete land register, and the financial and administrative obstacles that block land registration by Palestinians, has combined with the associated declaration of state land to constrain significantly development opportunities for Palestinians, while facilitating the development of Israeli settlements.

¹⁶ United Nations, 2015. "One UN approach to spatial planning in 'Area C' of the Occupied West Bank"

¹⁷ Defense Ministry internal report: Land at village slated for demolition privately owned by Palestinians Civil Administration report obtained by Haaretz cites Ottoman deed, may halt planned demolitions in West Bank village of Susiya. By Barak Ravid and Chaim Levinson (Haaretz), Published 06:41 26.07.15

¹⁸ The Americans warned Israel that demolishing the village would have severe ramifications, and the Europeans called for Jerusalem to cancel the "transfer" of Susiya residents. Source: Defense Ministry internal report: Land at village slated for demolition privately owned by Palestinians Civil Administration report obtained by Haaretz cites Ottoman deed, may halt planned demolitions in West Bank village of Susiya. By Barak Ravid and Chaim Levinson (Haaretz), Published 06:41 26.07.15

¹⁹ Margalit, M. (2014). Demolishing Peace: House Demolitions in East Jerusalem. Jerusalem: International Peace and Cooperation Center (IPCC).

²⁰ ACRI, May 2015, East Jerusalem 2015: Facts and Figures. Retrieved from: <http://www.acri.org.il/en/wp-content/uploads/2015/05/EJ-Facts-and-Figures-2015.pdf>

²¹ There are six Palestinian charitable hospitals in East Jerusalem Hospitals: Makassed Charitable Hospital, Augusta Victoria Hospital, St. Joseph Hospital, St. John Eye Hospital, Palestine Red Crescent Society Hospital and Princess Basma Rehabilitation Center. These hospitals serve as the main centers for specialized care within the Palestinian health system. Patients needing services and procedures that are not available in the West Bank and Gaza are referred for treatment in the EJHN facilities by the Palestinian Ministry of Health (MOH).

²² According to the Palestinian Ministry of Education and Higher Education, 20 per cent of the students in Waqf schools in East Jerusalem, in addition to 20 per cent of the teachers and almost 40 per cent of the school support staff, cross a checkpoint on a daily basis to access their schools while in the private school sector, there were 200 teachers with West Bank ID cards employed before January 2006. Following the construction of the Barrier, this had declined to 14 by the 2009-10 school year, and 8 support staff. Between 20 and 30 per cent of the pupils were West Bank ID card holders: now only 30 to 40 pupils are. Most of these have to leave their homes at 06.00 to reach school by 08.00.

²³ Article 26 (1), Universal Declaration on Human Rights; articles 28 (1), Convention on the Rights of the Child; article 13 (1), International Covenant on Economic, Social and Cultural Rights and article 24, International Convention on the Rights of Persons with Disabilities

²⁴ Security Council Resolution 1998 (2011)

²⁵ This ranges from Palestinian individuals involved in the reconstruction of homes, to Palestinian private sector, national and international NGOs.

²⁶ Available at http://www.df.ps/documents/Show.asp?ATT_ID=21932

²⁷ National Office for the Reconstruction of the Gaza Strip, "Eye on Gaza: Summary of reconstruction Interventions", 20 July 2015