

West Bank and Gaza

**The Economic Effects of Restricted
Access to Land in the West Bank**



The World Bank

**Social and Economic Development Group
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Acronyms and Abbreviations

GOI : Government of Israel
IDF : Israeli Defense Forces
IPA : Irrevocable Power of Attorney
PA : Palestinian Authority
PCBS : Palestinian Central Bureau of Statistics
PLA : Palestinian Land Authority
PWA : Palestinian Water Authority

Measures

Dunum: 1,000 sqm
Mcm: : million cubic meters
Sqm: square meter

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EXECUTIVE SUMMARY

In developing countries, land is of fundamental importance to economic activity and development: it is often the most common means of storing wealth and a powerful economic asset; it provides a foundation for economic activity in sectors as varied as agriculture, industries, housing and tourism; it is also a key factor in the functioning of market (e.g. credit), and non-market institutions (e.g. local governments). In the West Bank, land takes on a particular significance, as economic activity has been stifled by the ongoing conflict; and as much of the land area is inaccessible due to Israeli restrictions on movement of people and access to natural resources. This policy note aims at analyzing the channels through which land access restrictions and market distortions constrain productive and public sector investment, and trace their effects on the development of key economic sectors.

The 1995 Oslo interim agreement split the West Bank and Gaza into three Areas A, B, and C, with different security and administrative arrangements and authorities.¹ This note focuses on the West Bank, where this territorial fragmentation continues to have developmental implications. The land area controlled by the Palestinians (Area A corresponding to all major population centers and Area B encompassing most rural centers) is fragmented into a multitude of enclaves, with a regime of movement restrictions between them. These enclaves are surrounded by Area C, which covers the entire remaining area and is the only contiguous area of the West Bank. Area C is under full control of the Israeli military for both security and civilian affairs related to territory, including land administration and planning. It is sparsely populated and underutilized (except by Israeli settlements and reserves), and holds the majority of the land (approximately 59%). East Jerusalem was not classified as Area A, B or C in the Oslo interim agreement and its status was to be resolved in final status negotiations.

This allocation, which establishes the Palestinian administration over most of the populated areas and gives it limited control over natural resources and agricultural lands, was meant to be only transitory, with the Palestinian Authority expected to assume control over an increasingly larger share of Area C. However little territory has been transferred to PA control since the signing of the Oslo interim agreement, and this process has been completely frozen since 2000. As the Palestinian population grows and its resource and development needs increase, this long-lasting situation has become an increasingly severe constraint to economic activity.

The effects on the Palestinian economy of the current territorial distribution extend much beyond its most obvious manifestations. The physical access restrictions are the most visible, with 38% of the land area reserved by the Government of Israel to serve settlements and security objectives and a system of checkpoints, road closures, the Separation Barrier, and permit requirements for access that constrain movement of people and goods within and out of the West Bank. Recurrent destruction of trees, private homes and public infrastructure, as well as settlers' encroachments on private land create a permanent state of insecurity that deters Palestinian investment in Area C. At the same time, the land use and planning regulations in effect in Area C have less obvious consequences but are no less detrimental to Palestinian economic development. These regulations tend to limit development within the confines of existing villages, with too little

suitable space for demographic growth, causing irrational land use and unsound environmental management. The construction permit system slows down or halts altogether most construction. And the land administration system does not adequately protect the property rights of the Palestinian people, a source of uncertainty incompatible with investments and growth.

Predictably, economic activity in Area C is limited primarily to low intensity agriculture. High intensity agricultural, industrial, housing, tourism, and other investments are hindered by the difficulty in obtaining construction permits from the Israeli authorities and the limited amount of titled land available due to the cessation of systematic land registration since 1967. Land development is constrained by the application of archaic regional plans dating back to the British Mandate. Where village master plans are available, they are prepared by the Israeli Civil Administration without community participation and limit development primarily to filling in existing developed areas. Building permits are rare and difficult to obtain, with only a handful approved by the Israeli authorities annually for the past several years. In the meantime, unlicensed construction continues due to the needs of an expanding population despite a demolition rate that far outpaces building approvals by the Israeli authorities.

Today, only a fraction of the Palestinian population resides in Area C, where the incentive framework and the lack of legal recourse are not conducive for people to stay. Area C dwellers are mainly farmers and herders, who tend to fare worse than the general population in terms of social indicators, being underserved in public services and infrastructure, and being denied permits to upgrade their homes or invest in agriculture and other businesses. The comparison is even less favorable with other Area C residents, namely Israeli settlers, who face more flexible planning and building regulations and have more legal remedies.

The consequences of the territorial distribution are no less significant for the areas under the administrative control of the Palestinian Authority (PA), where most of the Palestinian people reside today. At the time of the Oslo Accords, the limits of Area A and B were drawn around urban and rural population centers, and were not intended to accommodate long-term demographic growth and related economic and social infrastructure development. While this may have been acceptable under an interim scenario of progressively larger devolution of land to Areas A and B, which according to the Oslo interim agreement should have been concluded within eighteen months, after thirteen years with minimal Israeli redeployments from Area C the situation has now become untenable². Land transfer from C to A/B has not kept pace with population growth, and roads reserved for settlers constitute additional barriers for Palestinians. Reserved roads, to which Palestinian access is restricted, coupled with the development of settlements often in close proximity, or directly adjacent to Palestinian towns, have fragmented the Palestinian space even further. This has reduced the accessibility and hence the value of some vacant land in Area B and A now separated from the centers of economic life.

This territorial division distorts land markets by creating artificial land shortages. Vacant land is scarce in Area A and only the most accessible parts of Area B are suitable for development, while Area C is not desirable for development purposes due to the difficulties in obtaining construction permits from the Israeli authorities. At the same time, demand is rising rapidly from a growing population who receives public sector salaries and/or remittances, as well as from investors lacking other profitable opportunities. As a result, land prices are shooting up and in

certain towns are becoming prohibitive for all but high value commercial activities, or high rise apartment building. Residential development is crowding out other economic activities on scarce plots available for development, yet there remains a housing shortage. Industrial development is handicapped by a combination of trade impediments and unavailability of industrial plots at viable prices. Public investment in infrastructure likewise has nearly ceased, in part due to lack of public funds; but even when donor funds are available, suitable land is mostly in Area C where permits are rarely obtained and even then after long delays. In Areas A and B, there is little municipal land and often resorting to the land market is not an option due to the high prices.

Urban development cannot be planned and implemented in the most rational manner, thereby aggravating, instead of alleviating, the environmental problems caused by high population densities. Overcrowding and land scarcity skew the pattern of urban development towards housing and away from economic activities and basic public infrastructure. For the latter, difficulties are compounded by the need to obtain permits from GOI to locate certain types of polluting infrastructure, such as sewage treatment or landfills away from the population. The inability to obtain such permits leaves Palestinians at risk from health and safety hazards due to obsolete or inadequate installations. The same constraint leads some industries to establish polluting or dangerous plants in towns with similar risks for their population. Finally in Palestinian towns, there is not enough land to provide open spaces for the people to enjoy some greenery.

In the meantime, land administration and registration within the PA controlled areas has been slow and lacking in institutional capacity and resources. The Palestinian Land Authority (PLA), the mandated institution responsible for all aspects of land administration has only been formed in the last few years and has yet to build sufficient capacity to effectively manage public land resources and provide efficient land registration and administration services to the public. An inventory of public lands in Areas A and B, which are under PLA authority, is not yet available. Systematic registration has only just begun and is expected to take decades to complete unless significantly more resources are provided*. Meanwhile, the legislative framework has yet to be reformed to deal with improved registration, reorganization of the PLA, and more transparent public land allocation and management.

In the aftermath of the Oslo Accords, the Palestinian economy was expected to enter a period of sustained and rapid growth. Instead, after a few years of growth, starting in 2000, the economy has been in steady decline, with overall GDP and per capita GDP respectively down 14% and 40% from their peak in 1999³, and poverty on the increase. Meanwhile foreign aid has succeeded in doing little more than slowing down the deterioration of the economy, despite ever larger volumes.

The reversal of the downward economic trend will require stimulating private and public sector investment. This in turn will entail increasing the economic space available for Palestinian urban and rural development in the West Bank, including addressing the increasingly entrenched and expanding impact of Israeli settlement activity on the Palestinian economy, and enabling the use of land through a participatory planning system and land administration policy that foster

* The World Bank and Finland are just completing a Land Administration Project launched in early 2005 with the Palestinian Land Authority and Ministry of Planning which focused on piloting land registration, developing a land administration policy framework, municipal land management, and PLA capacity building.

rather than constrain growth and development and promote the rational use of land resources in the entire West Bank.

In parallel, the PA will need to strengthen its own capacity for planning and land administration. It is not too soon for the PA to improve its governance in all aspects of land management, most importantly land use and development planning and public land allocation and management, while also developing PLA capacity to implement systematic land registration. Recently, the Palestinian Cabinet made an important step with the approval of a new Land Policy Framework, including key measures to reform the land sector. Pending approval of the Action Plan to implement the policy package, donors including the Bank stand ready to support the policy reform and a national land registration program.

In time, increasing the stock of Palestinian land with secure titles will boost private sector activity, and better land records will facilitate land use planning and the acquisition of municipal land for public services. Under present circumstances nonetheless, where constraints on urban development are very serious and induced distortions on land markets are enormous, the economic impact of improved land administration by the PA will have its limit. As long as access and movement restrictions are in place, and the majority of the West Bank remains to a large degree inaccessible for Palestinian economic investments, the investment climate will remain unfavorable and business opportunities much below potential. Yet the conditions for security of property rights and an efficient land market will be in place, and latent investments and growth will be ready to take off once a final resolution is reached, the movement restrictions are lifted, and the land situation becomes more favorable.

INTRODUCTION

1. The Palestinian economy continues to contract under the pressures of economic restrictions and political instability. In 2007, per capita GDP dipped to 60% of its levels in 1999, and investment dropped to precariously low levels. In the last two years, public investment has nearly ceased as almost all government funds have been used to pay civil service salaries and cover operating costs; and according to the IMF, private investments declined by over 15% between 2005 and 2006, with no evidence of any significant increase in 2007 or 2008. Achieving economic growth will require reversing this trend of low public and private investment, which in turn entails the easing of continued economic restrictions, namely the Israeli restrictions on movement of Palestinian people and goods and on access to natural resources. A prior World Bank policy note addressed the consequences on the economy of the closure regime and attendant restrictions on the movement of people and vehicles⁴. This second policy note explores the impact of inadequate access to land on economic development by investigating linkages to public and private investment in various sectors including construction and housing, industry and agriculture. The focus is on the West Bank, which is characterized by the small size of the total land area effectively made available to the Palestinian people for their development needs; and by its peculiarity as a collection of small islands of densely constructed space in a “sea” of sparsely inhabited land, inaccessible for economic intensification and investment.

2. Quantifying the economic impact of current restrictions is difficult given the paucity of data⁵. Consequently, this note analyzes the channels through which land access restrictions and market distortions constrain private investment and public infrastructure development. To this end, it first presents an overview of the land distribution of the West Bank and its consequences in terms of land access. Second, it analyzes the specific land administration and planning system put in place by the Israeli Civil Administration in the large area under its control and evaluates the effects of that system on the economic activity and the livelihood of the Palestinian residents of the area. It then shows how the ensuing land scarcity and high land prices in areas under Palestinian control limit the scope for rational land use and development in these areas as well. Finally, while recognizing that the main issue of access to land falls outside the control of the Palestinian Authority, it highlights measures which the PA can take to improve its own land administration policies and institutions, thereby paving the way for economic growth once the land situation improves.

CHAPTER 1: STOCK OF LAND ACCESSIBLE FOR PALESTINIAN ECONOMIC DEVELOPMENT

The Land Potential of the West Bank

3. The West Bank is an area of extensive tree crops and farming, rangelands and valuable, if relatively scarce, water resources spanning 5,655 sqm. Its central mountain chain endowed with a mild climate is grooved by deep valleys, rich in natural resources, and stretches into rolling hills that plunge further east into the Jordan Valley and the Dead Sea, the lowest point on earth and a worldwide attraction. The West Bank's good land resources, natural beauty and numerous archeological sites offer much scope for economic development, including agriculture and tourism as well as urban and industrial growth. The average population density at 415 persons/sqm appears favorable⁶. Yet, due to the particular political situation of the West Bank, Palestinians are denied economic and even physical access to a large share of that land. Thus, land scarcity in the West Bank is more artificial than real. Nevertheless it severely constrains economic development, be it urban, industrial, agricultural or tourism.

Land Access Constraints

4. With few exceptions, national space is generally contiguous. This is not the case today in the West Bank and Gaza which is split into the two geographically separate areas of the West Bank and Gaza Strip, and in which the West Bank is further fragmented into a multitude of enclaves, with a regime of movement restrictions between them. This situation is due in large part to the 1995 Oslo Accords which created three distinct zones Areas A, B, and C, with different security and administrative arrangements and authorities, including land administration.⁷ Area A corresponds to all major population centers, where the PA has full responsibility for both civilian and security matters, including land administration and planning. Area B encompasses most rural centers, in which the PA is responsible for civilian affairs, again including land administration and planning, with security under joint PA and Israeli military responsibility, although in reality today security is for the most part controlled exclusively by the Israeli military. The territorial space of Areas A and B is not contiguous, and consists of some 227 separate geographical areas under partial or full Palestinian control.⁸ Each such enclave, whether Area A or B or a combination of both, is surrounded by Area C, which covers the entire remaining area, is the only contiguous area of the West Bank, and includes most of the West Bank's key infrastructure, including the main road network (see Map). Area C is under full control of the Israeli military for both security and civilian affairs related to territory, which includes land administration and planning. It is sparsely populated and underutilized (except by Israeli settlements and reserves), and holds the majority of the land (approximately 59%). East Jerusalem was not classified as Area A, B or C in the Oslo interim agreement and its status was to be resolved in final status negotiations.

5. This allocation, which establishes the Palestinian administration over most of the populated areas and limited control over natural resources and agricultural lands, was part of

an interim agreement that was meant to be only transitory. The Palestinian Authority was expected to assume control over an increasingly larger share of Area C but this process has been frozen since 2000, although according to the Oslo interim agreement it should have been concluded within eighteen months. As the Palestinian population grows and its resource and development needs increase, this long-lasting situation over the past thirteen years has become an increasingly severe constraint to economic activity.

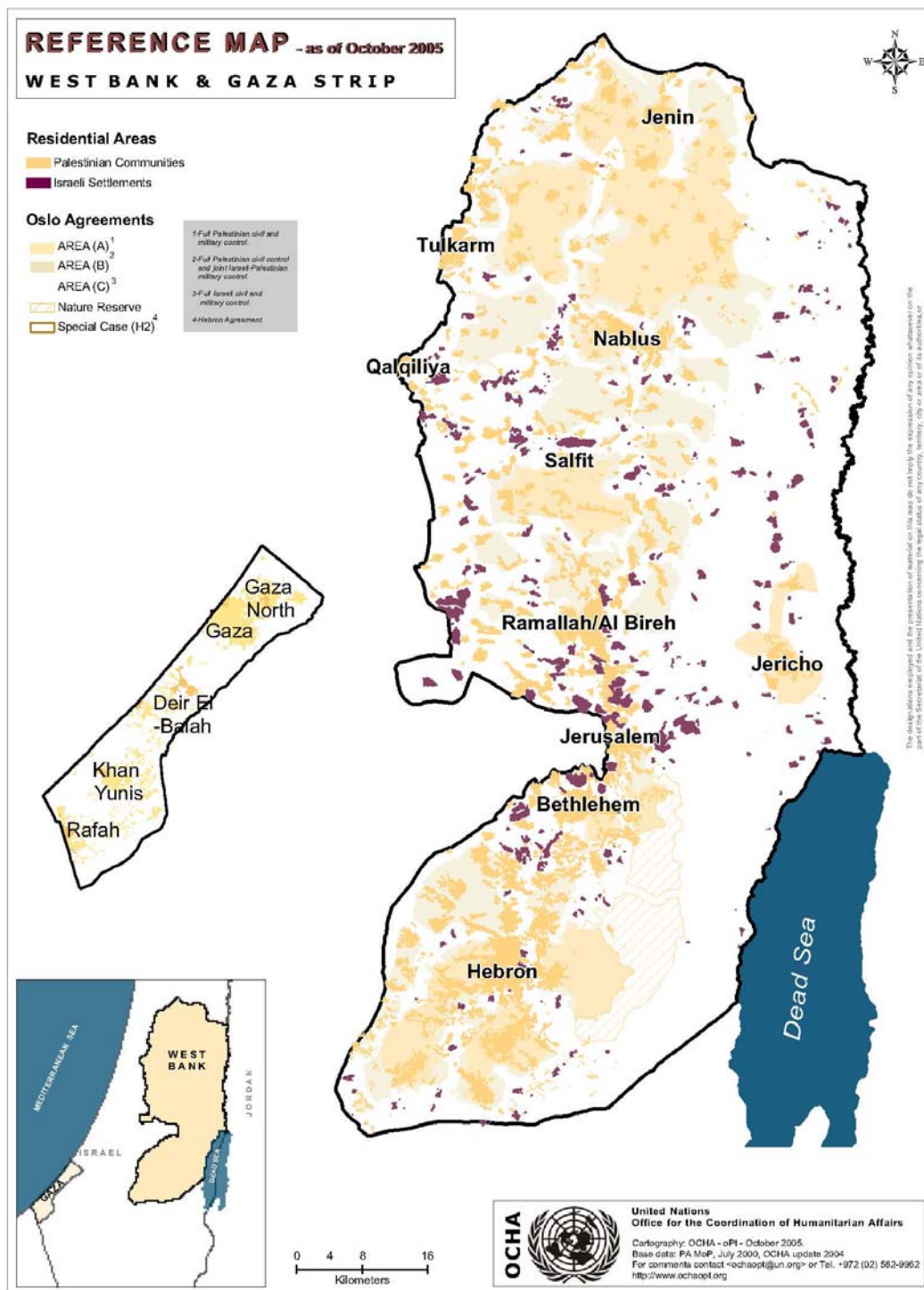
6. While illegal under international law⁹, since the military occupation in 1967 Israel has established numerous settlements in the West Bank with a growing population of Israeli settlers (an estimated 461,000 in 2007)¹⁰. They are heavily concentrated in and around East Jerusalem (estimated at 57% of the settler population)¹¹, progressively encircling the city, and socially and economically isolating its quarter million Palestinians from the rest of the West Bank. Other settlements are scattered throughout Area C.

7. With an estimated net average annual rate of 3.44% between 2003-2007, the growth rate of the settler population is nearly double that of the overall Israeli population during the same period (1.79%)¹². Furthermore, the land set aside for the future expansion of the settlements surpasses by an even larger extent the needs of the fast growing settler population. During the first 20 years of the occupation, the number of settlements grew rapidly to reach a total of 129 by 1987; thereafter, their growth in numbers slowed down and by 2005 there were about 150. However, the total settler population and the area controlled by settlements continued to grow dramatically. Between 1987 and 2005 the settler population grew by over 150% and the land area controlled by settlements by more than 400%¹³.

8. The settler movement has circumvented Israeli government-imposed restrictions on new settlements by establishing outposts not officially authorized by the Israeli government, about 100 of them with 2,000 settlers on 0.2% of the West Bank¹⁴. According to a 2005 report commissioned by then Prime Minister Ariel Sharon (the Sasson Report¹⁵) these outposts are illegal under Israeli law: "The outposts are mostly established by bypassing procedure and violating the law". Nevertheless, the report asserts that they are built with the involvement of public authorities. "Some of the land confiscation and illegal construction was done with the unauthorized aid of the Ministry of Housing and the Settlement Division [of the World Zionist Organization]", some are connected to utility services which "are subject to a permit from the Water KMT and the Electricity KMT of the Civil Administration, respectively", and they are protected by the Israeli forces: "IDF soldiers will arrive at any place where someone decided to build an outpost, and protect him."

9. The settlements often include areas of economic activity in addition to residential areas. Indeed, there are about 20 Israeli industrial settlements in the West Bank and many settlements also have cultivated agricultural areas in or around the settlements, thereby increasing settlers' control over land and restricting Palestinian access and use. This is especially the case in the Jordan Valley. In all, about 5.1%¹⁶ of the West Bank land area has been taken over by the settlers.

Figure 1: Map of West Bank Showing Territorial Enclaves under Palestinian Control



10. Though substantial, this amount is dwarfed by the additional land in Area C – some 23% of the West Bank – physically restricted to Palestinians by order of the Military Commander of the West Bank¹⁷ comprising: closed military areas and bases and Israeli declared natural reserves (with some overlap between the two). Furthermore, combined with checkpoints and a permit regime imposed on access of Palestinians from other areas to the Jordan Valley, Israel is enforcing a de facto Eastern Separation Zone without walls or fences along the Jordan Valley and the shores of the Dead Sea. This zone includes 43 Israeli settlements and 42 Palestinian localities¹⁸. In the Jordan Valley, all land outside of the 42 Palestinian localities, regardless of its declared purpose, was declared the jurisdiction of the settler regional council in the area, the Arvot Hayarden Regional Council, effectively putting it beyond reach for future Palestinian use or expansion¹⁹.

Box 1: Closure Regime in the West Bank

Intimately related to the land administration and management policies in the West Bank are the restrictions on movement of people and goods within the West Bank and to the outside world. As noted in the World Bank's report in 2007.

“In the West Bank, closure is implemented through an agglomeration of policies, practices and physical impediments which have fragmented the territory into ever smaller and more disconnected cantons. While physical impediments are the visible manifestations of closure, the means of curtailing Palestinian movement and access are actually far more complex and are based on a set of administrative practices and permit policies which limit the freedom of Palestinians to move home, obtain work, invest in businesses or construction and move about outside of their municipal jurisdiction. These administrative restrictions, rooted in military orders associated with the occupation of West Bank and Gaza (WB&G), are used to bar Palestinians from accessing large segments of the West Bank ... While Israeli security concerns are undeniable and must be addressed, it is often difficult to reconcile the use of movement and access restrictions for security purposes from their use to expand and protect settlement activity and the relatively unhindered movement of settlers and other Israelis in and out of the West Bank.”

Since the writing of that report, the overall number of physical restrictions (physical obstacles such as checkpoints, roadblocks, gates, etc.) has risen from 546 to 612 although the Israeli military has reported the dismantling of some checkpoints in various parts of the West Bank. The Separation Barrier which forms an integral part of the physical barriers continues to be built, and the prevalent permit system continues to be enforced with some variations based on current military orders and security events.

Source: Movement and Access Restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy, May 9, 2007.

11. Meanwhile, the most recent route of the Separation Barrier, approved by the Israeli Cabinet in April 2006, will enclose approximately 10.2% of the West Bank, which includes 42 Palestinian villages with about 60,000 inhabitants in the Northern West Bank alone. In addition, all land within 100m of the wall is off limit to Palestinians. In some places it will

cut directly through Areas A and B²⁰. The enclosed areas include some of the most valuable agricultural land and access to some of the richest water resources in the West Bank, which has severely impacted Palestinian farmers. In Jayyus for instance (population 3,200) hundreds of farming families are now separated by the Barrier from their farmland and require special access permits to reach it. Significantly, the Barrier also cuts off East Jerusalem, traditionally the political, social, and commercial centre of Palestinian life, from its Palestinian satellite cities of Bethlehem and Ramallah, and the rest of the West Bank. The Barrier has also cut off from the city center certain largely populated Palestinian neighborhoods and satellite villages (such as Ar-Ram, Abu Dis and Ezariyeh, as well as Beit Iksa which overlooks the city from the Westerly direction).

12. To ensure that settlers can travel with relative ease and safety between the West Bank and Israel and between settlements, a system of segregated roads reserved for Israeli use has been developed. This road network adds a mere 0.4% to the West Bank area restricted from Palestinian use, but its impact on Palestinian livelihood is incommensurate. In effect, these roads often act as barriers to Palestinian movement and development, further isolating the surrounding areas into even smaller enclaves and reducing the scope for developing their scarce vacant land. Road 443, the main access road for the Palestinian villages southwest of Ramallah, is one of many examples of a vital link now closed to the Palestinians²¹.

13. In total, the land area of the West Bank restricted from Palestinian use adds up to 38.3% of the West Bank. This includes 28.1% which is explicitly restricted from any Palestinian access or use and 10.2% West of the Separation Barrier, which is heavily restricted to Palestinian access (see Table 1). At the same time, the whole of Area C (59% of West Bank) is administered by the Israeli military authorities, including land administration and planning. The question arises therefore whether the balance of Area C land (20.7% of West Bank) is in fact freely available to the Palestinians for their development needs. This issue is addressed in the next Section.

Table 1: Shrinking land area available for Palestinian use

Restricted Areas	Area in Hectares (net of overlaps)	% of West Bank East (including Jerusalem)
Settlements and settlement industrial areas outer limits	17,531	3.1
Outposts outer limits	1,131	0.2
Land cultivated outside settlement outer limits	10,179	1.8
Subtotal of land reserved for settlements	28,841	5.1
Land reserved for military areas and Israeli declared nature reserves (net of overlaps) 1	127,803	22.6
Restricted Road Network	2,262	0.4
Land West of Separation Barrier	57,681	10.2
Total Land Area Restricted from Palestinian Access	216,587	38.3
Accessible Area C Land	117,058	20.7
Total Area C	333,645	59.0
Total Land Area of West Bank (including East Jerusalem)	565,500	100.0

1- There is some overlap between the military areas, the natural reserves, and the land west of the barrier.

Source: Table compiled by World Bank from OCHA data²² Figures from various sources can differ about 1%.

CHAPTER 2: LAND ADMINISTRATION AND PLANNING IN WEST BANK AREA C

14. Security and civil matters in Area C are vested in the Civil Administration of the Israeli Defense Forces (IDF). A Military Commander for the West Bank (referred to as “Judea and Samaria” by the GOI) heads up the Civil Administration, responsible among others for Area C land administration, including zoning and planning, land requisition, confiscation and allocation; and land registration.

Planning Regulations

15. The City, Village and Building Planning Law adopted by the Jordanian Government in 1966 remains the primary legal basis for planning activities in Area C of the West Bank. This law mandates the preparation of regional plans and master plans for cities and villages and that all construction must be licensed according to the law, associated regulations and existing plans. It was modified by GOI military order No. 418 in 1971²³. These modifications led to a greatly changed planning system highlighted by minimizing the participation of Palestinians on the planning committees and replacing them with IDF officials and settler representatives, so that Palestinian participation in the process was mostly eliminated. A Supreme Planning Council with associated committees and a Central Planning Department, all units within the Civil Administration, are today responsible for the planning system (see Annex for planning regulatory framework in PA vs. Israeli administered areas).

16. Military Order 418 dissolved district councils called for in the Jordanian Law and maintained the limited authority of Palestinian local municipal councils. As far as Israeli settlements are concerned, some regional and municipal councils act as special planning committees with authority to approve detailed area plans and building permits respectively. Master plans prepared by or on behalf of these local and regional councils are submitted for approval to the Sub-Committee for Settlement operating under the Israeli Civil Administration. As a result, settlement master plan areas have been repeatedly expanded to allow for settlement population growth and development.

17. On the other hand, the Supreme Planning Council has implemented highly restrictive zoning and planning regulations for Palestinian towns and villages, effectively preventing new Palestinian construction in Area C. Limits of development zones, agricultural areas, and nature and coastal reserves are set by two Regional Development Plans, one each for the northern and western West Bank. Dating back to the British Mandate, these sixty-year old plans have become increasingly inadequate over time as the population has grown. The Council has simply refrained from updating the two plans, maintaining most of the West Bank as agricultural areas or nature reserves with limited allowable development; in fact the regional plans allow for the construction of only one building structure per plot outside of the “development” areas, which as defined during the British mandate excludes dozens of existing localities throughout the West Bank. This effectively has created a situation where

building licenses cannot be obtained even for rehabilitating existing buildings in rural areas in the West Bank, must less any new development.

18. In the 1990's the Central Planning Department of the Civil Administration prepared Special Partial Outline Plans for roughly four hundred villages of the West Bank, most of them in what is now designated as Areas A or B. Only about 10% of the 130 or so Palestinian villages in Area C have special partial outline plans for their localities, the rest have no master plans and exist in what is generally classified as either agricultural or nature reserve land under the mandate regional plans. The main element of these plans, and those produced by the Civil Administration before and since, is the line demarcating their boundaries.²⁴ These plans lift the threat of demolition within the line, but the process has not allowed for the expansion of the line to accommodate the needs of the growing population. Instead, they demarcate boundaries tightly around the built-up areas, even cutting into the built-up area. OCHA²⁵ reports for instance that the new master plan approved in 2006 for the village of Al Jiftlik is actually divided into three noncontiguous areas, and leaves approximately 2,000 residents, or about 40% of the population outside the approved urban area²⁶. These plans essentially limit the possibility for development to "in-fill", namely using scarce vacant land within towns and villages, which due to social norms and land ownership patterns is often not compatible with Palestinian needs.²⁷ Beyond these boundaries, construction is prohibited and that prohibition is enforced. While construction of new houses (after appropriate permits are granted) can occur within the master plan, houses built outside the perimeter of the plan are considered illegal and face the continued threat of demolition. This restrictive planning system has had the dual results of preventing growth of Palestinian urban areas while reserving space for expansion of nearby settlements

19. Palestinian applications to build on privately-owned land outside of the demarcation lines are generally rejected by the Civil Administration on the grounds they are not consistent with the outline plan, or are not permitted according to the old Mandate plans (e.g. zoned for agriculture or a nature reserve). Permits can also be rejected on the basis that the owner cannot prove ownership, which can be quite difficult when two thirds of the West Bank lands have not been registered²⁸. Similarly, infrastructure projects to serve the most basic needs of the Palestinians in Area C, such as repairing roads or connecting to water supply, are frequently delayed or denied, even if donor funding is available for such investments.

20. Limits on construction permits and restrictions on the subdivision ('parcelation') of land plots for housing leave residents few options and many build illegally and risk demolition. The GOI State Comptroller found serious deficiencies in the enforcement of regulations related to illegal construction by both Palestinians and Israelis despite the fact such illegal construction is extensive²⁹. It pointed out that in the period 2000-2004 enforcement measures were only taken against between 8% and 23% of the number of reported incidents of illegal construction and squatting by Israelis in the West Bank. In a similar vein, data obtained from the Ministry of Defense shows that in the period of 2000-2007, 33% of demolition orders issued against Palestinian structures were carried out, as opposed to 7% against structures in Israeli settlements. This imbalance is further underscored by the fact that only 91 Palestinian building permits were approved by the Civil

Area C State Land Policy

21. Under Israeli military rule, State lands in the West Bank are considered to be those lands that are not categorized as private. For the Civil Administration, there are two main categories of private lands: first, lands formally registered before 1967 when Israel closed the registry (i.e. about one third of all properties); second, parcels that meet the Ottoman legislation requirement, namely 10 years continuous cultivation, and payment of taxes. Peace Now³¹ remarks that in 1967, many Palestinians, who had been farmers, became workers in Israel, thereby paving the way for large parts of the newly uncultivated lands to be declared as State land. This was made possible using the Ottoman Code that allowed the State to confiscate land that had been left uncultivated for a period of three years. GOI also established a third category, namely ‘survey land’, for which the ownership is unclear or in dispute. Although such land cannot be developed legally, in practice it has been treated as State land. State lands and survey lands have frequently been allocated to Israeli settlers, along with substantial amounts of private land as will be shown later on.

Land Ownership and Registration

22. Palestinian land ownership has two main characteristics: first it is widely prevalent with an estimated 80% of all Palestinians owning some land; second land properties belong collectively to extended families that have occupied the land for a number of generations. Through inheritance, family land ownership has become fragmented with the original parcel of family land owned by a large number of heirs. Due to current land administration practices, including restrictions on ‘parcelation’ and high proportion of “absentee” land owners, in most cases parcel division has not occurred and co-ownership is frequent³².

23. Historically, land registration in the West Bank had been low: only 33% of the West Bank overall and 31% of Area C is formally registered (i.e., titled)³³. The registration process which had started in the 1920’s, and continued through the Jordanian period, was halted by Israel in 1968. Even during the period when registration was available, many land-owners avoided registration, or under-reported actual amounts of land, and this for a number of reasons: efforts to avoid taxes, the fact that in traditional settings official titling and registration was not always necessary to exercise land rights, and general registration of individual titles to land was mostly incompatible with traditional communal ownership of the land and/or with extended family ownership of the ancestral property. The formal systems of land administration often did not match the actual land use system in practice at the time, and thus a dual system emerged, with forms of tenure and a large number of land-related transactions existing outside of the formal system. Among other traditional rights, common property rights of Bedouin communities have been largely ignored by the formal process.

24. Under the British Mandate, the government initiated an attempt at systematic land registration but the Mandate ended prior to completion of registration, resulting in relatively low levels of land registration in the southern West Bank, notably around Bethlehem and

Hebron. Systematic land registration continued in the West Bank under Jordanian administration, until 1967 when GOI took control of the West Bank. After 1967, GOI radically altered the land administration system to the detriment of landowners and users as it instituted measures making registration of private land difficult, formally suspended systematic land registration, and closed all land records to the public. This system became seriously problematic in the 1980's, when Israel declared all land that was not registered or under cultivation as "State land", which amounted to confiscating all land that was deemed without an owner, in official though not in real terms.

25. Under this system which continues in Area C today, most Palestinian landowners are reluctant to even attempt registration of private land because the process is cumbersome, costly and risky. The necessary steps involved in registration are prohibitively expensive, especially for the poor. Palestinian landowners interviewed reported that in order to register land, they must provide the Civil Administration with three types of maps of different sizes, and submit six copies of all relevant documents.³⁴ And there is added concern that the Civil Administration will confiscate a portion of the land during the process, for example if the documentary evidence is deemed lacking or if any party with a legal interest in the land is deemed "absentee." This is particularly true in the case of owners of agricultural land.³⁵

26. In addition, the administrative system itself is problematic. While decisions of the registration committee whether or not to award ownership can be appealed, the decision of the land registry officer whether to forward the application to the registration committee in the first place – the first step in the registration process – cannot be appealed³⁶. Thus registration can be halted by a single individual without any recourse available to Palestinian applicants. This point was highlighted in a report by the GOI State Comptroller.³⁷ To avoid the problems inherent in the registration system, many landowners instead use irrevocable powers of attorney (IPAs) to conduct transactions, despite the fact that IPAs are not a secure instrument. They do not provide full proof evidence of ownership and can be disputed, a frequent source of tenure insecurity and conflicts.

27. The lack of transparency of land registration is one more troubling aspect of the system of land administration in Area C. With no public access to the registry and no official statistics related to land tenure, there is considerable risk that privately owned Palestinian land will be categorized as public land by the GOI, and used almost exclusively for the benefit of the GOI, particularly for settlements.

Confiscation of Private Land

28. Even when land legally belongs to the category of private land, Palestinians have faced the risk of requisition by the Civil Administration primarily for settlement-related activities. The practice of constructing settlements and outposts on private Palestinian land was deemed illegal under Israeli law pursuant to a decision of the Supreme Court of Israel involving the settlement of Elon Moreh in 1979. Yet, it continues in practice. A recent report by the Israeli civil society organization Peace Now cites official and up to date data from the Civil Administration that reveals 131 settlements are completely or partially situated on private land and over 32% of the land incorporated into the settlement jurisdictions is

29. Methods for seizure of private land in Area C have been diverse: requisition of property for “military” or “security” needs; declaration of land as abandoned property; and confiscation of property for “public need”. From 1968-1979 Israeli military officials issued dozens of military orders for the temporary requisition of private land in the West Bank, on the grounds of urgent military necessity, and ultimately used primarily for settlements.⁴⁰ Though this practice of requisitioning land for military needs has mostly been stopped in regards to settlements, it continues for a number of security related activities, most notably for construction of certain sections of the Separation Barrier. Though orders are sometimes temporary in nature, often the land is not returned even upon expiration of the orders. The GOI State Comptroller’s Office found that although many of the requisition orders made on the basis of military necessity had expired, de facto they remained in effect as the land was not returned to its original state.⁴¹ In other cases land was requisitioned without orders having been issued first. The report noted one case in particular that involved thousands of dunums of private agricultural land that was eventually taken over for cultivation by settlers. It also found that many requisition orders were not entered in the Civil Administration’s land registry, thus making unclear the exact legal status of the land. Under each of these scenarios the legal remedies available to affected Palestinian landowners are limited. Indeed Palestinians in Area C are subjected to Israeli military courts, which offer far fewer procedural protections than the Israeli civilian courts that have jurisdiction over violations by settlers.

30. Private land can also be treated as abandoned and confiscated if owners are deemed “absentee” by the Civil Administration. When some heirs are not considered residents of the West Bank (i.e. are not included in the population registry held at the Civil Administration), part of the family land risks confiscation by the GOI under absentee property laws which remain in effect throughout the West Bank. “Absentee” land can subsequently be declared as State land, managed by the Custodian of Governmental and Abandoned Property (Custodian)⁴², and be allocated for settlement use. Owners contesting the classification of their property as abandoned can file an objection with the military appeals committee⁴³. But even in cases where the property was wrongly classified as abandoned, the transfer will not be nullified if the Custodian acted in good faith – a burden nearly impossible for Palestinian landowners to overcome. In practice, lawyers representing Palestinians in such proceedings have found it nearly impossible to reverse the erroneous classification of such land.⁴⁴ Since the records of the Custodian are not publicly accessible, there are no comprehensive statistics on the amount of land deemed absentee. The Civil Administration has also expropriated private land for “public needs”.⁴⁵ These measures have been used primarily to seize land for construction of roads serving settlements, and have been upheld in most cases by the Israeli High Court on the grounds roads benefit all residents.⁴⁶ This is despite the fact that Palestinians are often restricted from using the roads, especially those directly serving settlements.⁴⁷

CHAPTER 3: EFFECTS OF GOI LAND ADMINISTRATION POLICIES ON THE DEVELOPMENT PROSPECTS OF AREA C

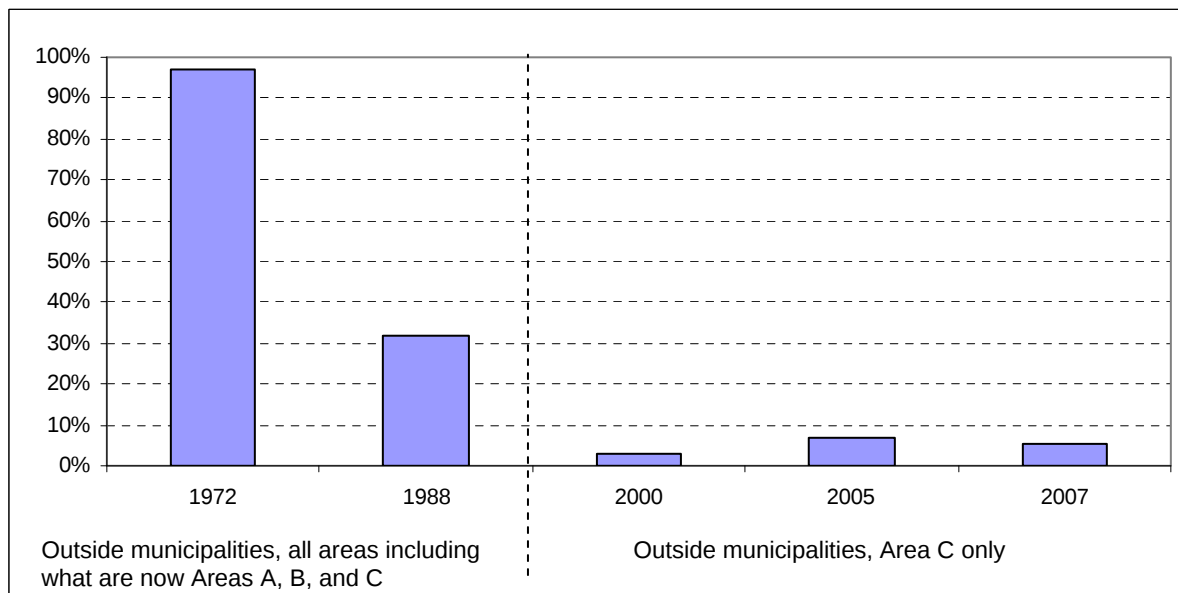
31. As discussed in the previous section, the land administration and planning system maintained by the GOI in Area C is problematic in terms of providing adequate Palestinian access to land and participation in land use and master planning, which in turn is equally problematic in economic terms. Prevailing land policies and regulations, including difficulty in obtaining an official land title, risk of confiscation, near systematic denial of permit requests and threat of demolitions, combine to maintain a high level of insecurity that limits investment in land. The end result is a system that suppresses rather than promotes Palestinian development.

32. While the Palestinian population in Areas A and B are also affected by these policies, as will be discussed later, those living within Area C are the most directly affected. Only a fraction of the Palestinian population resides today in Area C; exact figures are not available, but the Palestinian population in Area C has been estimated to be anywhere between 70,000 and 230,000 people⁴⁸. Area C naturally incorporates most rural areas and grazing land, so a large part of the population are farmers and herders as well as Bedouins, who are particularly at risk in terms of land tenure. These groups also tend to fare worse than the general population in terms of social indicators and access to services (see rest of the chapter and Box 2).

Effects on Construction and Infrastructure

33. The building permit system discourages both new construction and expansion of infrastructure by Palestinians in Area C. This is evidenced by the low rate at which Palestinians are able to obtain permits for any type of construction or infrastructure, be it public or private, as well as by the demolition rate of illegal construction. The Israeli Ministry of Defense released information on permits received, permits approved, and demolitions from 2000 through 2007 showing that only 91 construction permits were granted to Palestinians (out of 1,624 requests) – an approval rate of just 6%.⁴⁹ During this same period, a total of 4,993 demolition orders were issued against Palestinian structures and a total of 1,663 actual demolitions executed. Israeli approvals for Palestinian construction in the West Bank were not always so rare; historical data show that approvals for Palestinian building requests were as high as 97% in 1972. While pre-1994 data include approvals in what are now Areas A and B (likely to be higher than Area C), nonetheless the densely populated areas within the municipalities are excluded from both sets of data, which clearly show a shift towards a more restrictive policy over the years.

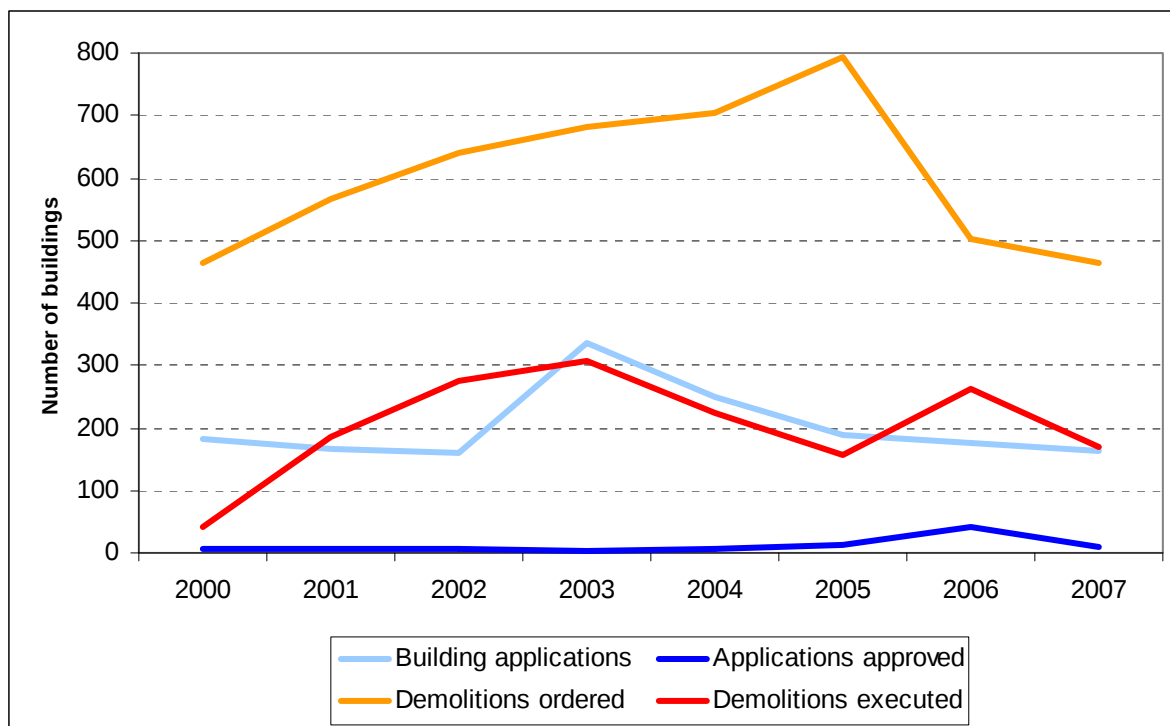
Figure 2: Trends in Palestinian building permits approved by Israeli authorities in the West Bank



Note: Date from 2000 onwards applies only to Area C, pre-2000 data also excludes the densely populated municipalities but includes the rest of Areas A and B.

Source: "The Prohibited Zone, Israeli planning policy in the Palestinian villages in Area C", Bimkom, to be published October 2008.

Figure 3: Israeli Civil Administration Construction Decisions – Building Permits and Demolitions in Area C



Source: Israeli Civil Administration data provided in letter dated November, 19, 2007, provided by Bimkom.

34. The actual impact on construction and investment in Area C may be somewhat more nuanced than these numbers suggest. On the one hand, according to the Palestinian Ministry of Public Works and Housing, where written permission is not granted or sought, informal approval may sometimes be obtained for public infrastructure projects. In such cases, the risk of demolition is lessened though not altogether absent. Furthermore, driven by family needs, unlicensed construction, particularly of private homes, continues throughout the West Bank despite the risk of demolition. On the other hand, approval figures do not reflect the number of would-be private investors discouraged from investment due to the tendency for permits to be rejected.

35. Palestinian construction for investment purposes in Area C is extremely limited due to building restrictions. Interviews with developers indicate that housing developments in Area C are not considered a viable option since obtaining land titles and building permits is largely unattainable.⁵⁰ Furthermore, properties in Area C are generally regarded by local banks as unacceptable as collateral since PA laws and regulations cannot be enforced in the area. This effectively precludes any mortgage-based housing developments in Area C.

36. The rule is that no construction is allowed without a permit, but for small structures, it is enforced on a case by case basis. In general, there is no tolerance close to settlements, borders, military facilities, or near roads, where even agriculture activities can be restricted. But private homes built on the outskirts of Areas A and B that are not near any Israeli facilities or borders are at less risk of demolition. Palestinian construction in East Jerusalem is also highly controlled, and there is evidence that the zoning and planning provisions and enforcement vary between Palestinian areas and Israeli areas, including settlements. After the annexation of East Jerusalem in 1967, large areas of privately owned Palestinian land were confiscated by the Israeli government, primarily for settlement purposes. Currently, Palestinian construction is hampered by a combination of the creation of “green zones” around Palestinian neighborhoods which prevent their expansion, the complexity and cost of obtaining building permits, the application of the absentee property law in East Jerusalem which discourages Palestinians from attempting to register land, and more zealous enforcement of building and planning regulations in Palestinian areas in East Jerusalem.⁵¹ As a result, according to the Palestinian Central Bureau of Statistics (PCBS), between 1967 and 2002, 82% of all housing units built in East Jerusalem were for Israelis, as opposed to 18% for Palestinians⁵².

37. Permits for public infrastructure projects are also often significantly delayed or even refused. As a consequence, and despite abundant donor resources, spending for public investment in Area C is minimal. Under the current situation, there is little the Palestinian Authority or the donor community can do to assist the residents in Area C, leaving a significant number of Palestinian people in want of basic services. The Ministry of Agriculture explained how too often its efforts to improve the lot of rural people are frustrated by lack of permits and/or demolitions. The Palestinian Water Authority reports the same difficulties (see Box 2). An earlier World Bank document reports on donor experience note that “Obtaining permits for Area C, whether for private, humanitarian or developmental purposes is time consuming if not unattainable”⁵³. It further indicates that the lack of

construction permits, particularly in the Jordan Valley, has prevented several communities from developing or upgrading utilities (electricity, water) and social infrastructure (schools, clinics). Several agencies have reported being forced to remove infrastructure for basic services.

38. Even villages which lie mostly or entirely in Areas A or B, officially under Palestinian control, frequently have their key infrastructure in Area C. There are several examples of village councils in those circumstances who have requested permits to improve road access, or install water supply pipelines, to no avail. Qaryut, south of Nablus, is an example of a village, officially under Palestinian civil control, with almost all its infrastructure in the surrounding Area C. In 1999, the village council submitted a request for paving the dirt-road, with no success so far. Likewise, every request submitted to install a water supply pipeline has been denied⁵⁴. According to the Palestinian Water Authority, about one third of West Bank localities, representing about 9% of the population, have no access to water. Many of these are in Area C where the PA's ability to assist them is limited and Israeli approvals are required.

Effects on Agriculture

39. Not surprisingly, rigidly enforced land access and movement restrictions in Area C have been especially harmful to the agricultural sector and the welfare of farming families. The increasing number of walls, roadblocks, and checkpoints has made it increasingly difficult for farmers to access their lands and markets. As a consequence of the longer journey times, the costs of transporting goods to market, and receiving agricultural inputs, have risen significantly⁵⁵; and produce destined for external markets frequently spoils as it is detained at checkpoints. Palestinian farmers with agricultural land near settlements can find these properties difficult to cultivate and harvest due to intimidation, violence, or property damage by settlers.⁵⁶ Furthermore, in some areas near settlements considered to be high friction areas, harvesting of olive orchards is limited to only specific days designated by the Israeli military with a military escort. As a result, much agriculture land is in effect withdrawn from production, or shifted to lower value and less perishable crops (e.g. from fruit and vegetable to cereals), while hardly any infrastructure investment is carried out, be it on- or off- farm, with resultant decline in income. The daily agricultural wage is illustrative of the more general decline: from 2001 to 2005, it fell by 10.3% in the West Bank⁵⁷.

40. Important areas of agricultural land and water resources are becoming increasingly difficult to bring into production as a result of the Separation Barrier. Some 170,000 dunums of fertile agricultural lands are affected, or 10.2% of the total area cultivated in the West Bank, with an average economic value of US \$38 million – equal to roughly 8% of Palestinian agriculture product⁵⁸. The GOI has never released comprehensive information on the provision of permits for landowners and their workers, but a survey conducted by the UN Office for the Coordination of Humanitarian Affairs (OCHA) in the northern West Bank found that 60% of families owning land behind the barrier were denied permits by the Civil Administration, and more than 50% of communities no longer had direct, regular access to their land.⁵⁹ Bedouin communities of sheep and goat herders have lost precious grazing areas, with a devastating effect on their income⁶⁰.

e

Box 2: Effect of the Planning and Permit System on Public Infrastructure Investment and Services

The provision of public services to the Palestinian population in Area C is highly dependent on the ability of the PA to obtain permission for infrastructure development in these areas. Most of the population in Area C is dependent on the PA for electricity distribution, water supply, waste management, and telecommunications services, either directly or through their coordination with Israeli water and electricity companies, both of which have been significantly hampered by the difficulty of obtaining Israeli permits. Telecommunications are provided through private companies, which have reported higher costs and poorer service in Area C, and even in Areas A and B, due to their inability to obtain permits for the installation of towers in Area C. The Palestinian Energy Authority has requested the construction of three electricity substations, necessary to improve electricity supply and distribution, in Area C but the Israeli authorities have responded with alternative sites in Area B. Attempts by the PA to provide electricity to some villages West of the Separation Barrier have been frustrated by their inability to obtain work permits from the Israelis to enter the area.

Provision of water and wastewater services has been particularly problematic. The Palestinian Water Authority reports that there are over 140 projects awaiting approval by the Israeli authorities (either the Joint Water Committee or the Israeli Civil Administration), including but not limited to development of wells, springs, and transmission lines, and wastewater treatment plants. Palestinian extraction of water in the West Bank - most of which lies in Area C - is limited to 17% of total water in the aquifers. Israel extracts the remaining 83% either for the settler population in the West Bank, for consumption in Israel, or for sale back to the Palestinian population. Palestinian access to water is restricted - with rare approvals for new wells or for increasing outputs from existing wells - to wells dug before 1967. In fact, despite the rapid population growth, The PWA reports that water extracted by the PA from West Bank aquifers has in fact dropped from 118 Mcm annually in 1995 to 106 Mcm in 2007. Access to water for agricultural use is particularly important since restrictions on access to water effectively restricts the ability of farmers to utilize agricultural land.

Approval and construction of wastewater treatment services are particularly important due to the additional environmental and health impacts. Construction of these plants is delayed by the complex bureaucracy involved in obtaining approvals from Israeli Authorities and commitment and resources from the PA and donors. Joint Water Committee and Civil Administration approvals for waste water treatment plants have historically been subject to extensive delays, in some cases over a decade. The Palestinian Water Authority reports that plants have been recently approved (Tulkarem, Nablus and Hebron), but that other wastewater treatment projects still await approval in the West Bank (Jenin, Ramallah, and Abu Dis).

Sources: Interviews and information with Palestinian Water Authority, Ministry of Planning, and Palestinian Energy Authority in June, August, and October 2008. Telecommunications information from World Bank "Telecommunications" report, 2008.

41. Similarly, 274,700 dunums⁶¹ of agricultural land, producing about one fifth of total Palestinian agricultural production, are now threatened by the Eastern segregation zone along the Jordan valley (para.12). This zone also contains more than 80% of the Palestinian rangeland areas where herders currently graze their sheep and goats. Of the 1,500,000

dunums of existing rangelands, only 225,000 dunums remain as open rangeland for grazing⁶². Specifically, pasturing in the rural areas of Jericho and the Jordan Valley is forbidden for Bedouins. Furthermore, Palestinians who are not residents of the Jordan Valley must obtain special access permits to enter the Jordan Valley by vehicle, which are rarely forthcoming, even for investors or Palestinians who own land in the Jordan Valley⁶³. This has effectively cutoff an important agricultural and tourist area from the rest of the West Bank.

42. Lastly, all these constraints raise the cost of local food and reduce the competitiveness of the sector. There has been a gradual increase in the wholesale prices index of different locally produced agricultural commodities, which raises the cost of living for all Palestinians. This process began well before the recent jump in global food prices. In 2005, the index reached 152.7% of the 1996 base year⁶⁴. At the same time, the agriculture sector has a harder time competing with Israeli imports. The average consumer price of Palestinian products in Palestine was 76% of the price of Israeli products in 2002, and increased to 95% in 2005⁶⁵.

43. Today, the constraints on the agriculture sector are overwhelming. The 2005 Local Community Survey by PCBS showed that “68% of all localities have unused areas for agriculture, due to unavailability of water, economic situation, lack of workers and /or due to confiscation by Israeli occupation authorities.”⁶⁶ And when land is actually cultivated, its use is much below potential since landholders are uncertain to recoup their investments. Yet the sector constitutes an important reservoir for growth once access to land and the incentive framework improve.

Effects on Industrial Development

44. Access to land and water is a major constraint for industrial development as well. Given the high population density of Areas A and B, and high agricultural land use in Area B it is often unsuitable, and at times illegal under PA legislation, to construct industrial facilities in these areas, particularly Area A. Industrial zones in PA municipalities are small and land within these zones can be scarce and expensive. But permits to construct such facilities and associated infrastructure in Area C are rare and difficult to obtain, with consequences for Palestinian businesses. They are prevented from expanding and establishing the most efficient layouts for factories, there is a severe problem of waste disposal and the cost of shipping is increased because trucks have to negotiate small urban roads that were not designed for shipping goods.

45. The PA is planning the development of four industrial parks, which require land with suitable size and topography, clear public or private title or ownership that can be resolved without excessive complications, and located near commercial crossings with Israel and Jordan. Such suitable land for these parks is frequently located in Area C. The PA has therefore requested permits from the GOI for those sites, including the conversion of the land from Area C to Area A or B to enable it to enforce its laws and regulations and provide tax and other incentives to the investors in these parks. Three cases are pending, while one has been granted in 2000 (Box 3). Development of these sites also requires obtaining permits

from GOI for utility connections and transportation access, an additional source of much delay).

46. Limited self rule following the Oslo Accords was expected to unleash private investment in a growing industrial sector⁶⁷. Unfortunately, far from growing, the sector's share of GDP fell from around 16 percent in 1996 to around 12 in 2005⁶⁸. Restricted access to land, and consequent inability to grow is one of the reasons for the small size of Palestinian enterprises and their low productivity for lack of economies of scale, among others. The average size of industrial establishments in the West Bank has not changed over the last decade; it is four workers, which would be considered micro in any country. Allocating suitable land for industrial development is essential to creating the jobs required by a rapidly growing population.

Effects on Tourism Development

47. The primary constraint to tourism development are movement and access restrictions within the West Bank and between the West Bank, Israel, and the rest of the world which have been documented in various reports. But, access to land is a major issue as well. Here also, restrictions on construction permits and access to land titles limit tourism investments by Palestinians, especially in East Jerusalem, Bethlehem, and the Jordan Valley, which are the key tourist attractions of the West Bank. For example, the PA Ministry of Tourism and Antiquities has a long standing request to excavate and develop the Sebestia archeological site in Area C near Nablus but has not received Israeli approval. On the other hand, Israeli authorities have developed several touristic sites in the West Bank, such as the Ayn Fashkha Nature Reserves on the Dead Sea, the Qumran Caves in the Jordan Valley, and the Herodian palace near Bethlehem to name a few. The Jordan Valley, and particularly the Dead Sea and Jordan River, are particularly valuable and underutilized tourism resources. Despite the fact that the Oslo agreement allowed for the possibility of Palestinian development on the shore of the Dead Sea, (which is designated as Area C), Israeli restrictions on the access and use of this area effectively curb Palestinian domestic tourism, not to mention Palestinian tourism investment⁶⁹.

Effects on the Environment

48. Restricted access to Area C land has had disquieting environmental consequences. Desertification is apparent in part of the Eastern region, which is characterized by steep slopes that limit agricultural activity to animal grazing; the closure of 85% of this zone has led to severe overgrazing of the small area remaining accessible to Palestinian herders⁷⁰. Area C land administration policies have not been environmentally neutral either for Areas A and B. Good agricultural land must be converted to built-up areas, when infertile land, most suitable for urban development, is available but inaccessible near by in Area C. Also, industries and plants that generate pollution and safety hazards have been located in town for lack of alternatives. Lack of suitable site access for solid waste disposal causes the use of "wildcat" disposal sites close or inside the cities and villages, a practice that carries serious environmental and health dangers. In Jenin, the official solid waste dump site was finally established, mostly in Area C with part of the site in Area B, after extensive negotiations; and

the solid waste site for the Ramallah district has finally been approved in Area C after more than two years of negotiation and review, while the Hebron solid waste site in Area C also recently received a preliminary approval after a much quicker review process. Some dump sites, approved by the Israeli before Oslo are today located in Area C, are now not always accessible (e.g. Al-Bireh and Abu Dis). On many occasions trucks, unable to get through the checkpoints, have disposed of their waste on the roadside. Also within the cities of the West Bank, suitable sites for wastewater treatment plants are only available in Area C⁷¹. Though existing waste water treatment plants are overloaded and most areas in the West Bank remain without wastewater services, with the exception of Al Bireh (which also serves an Israeli settlement), until recently no new plant had been authorized for many years⁷². The permit for one essential plant in Ramallah has been pending for four years (Box 4). Already in 2002 a UNEP study⁷³ found the contamination of the aquifers caused by untreated wastewater, landfills and hazardous wastes alarming. Since then the situation has almost certainly gotten worse.

Box 3: Progress Made in Accessing Land for Four Industrial Parks

The Palestinian Industrial Estates and Free Zones Authority (PIEFZA), the Palestinian agency mandated with the establishment of industrial areas, has been working on the development of four major industrial parks. Located in various parts of the West Bank (near Jenin, Jericho, Bethlehem, and Hebron), these industrial parks are at various stages of progress, from the early stages of preparing off-site infrastructure to early conceptual planning. In all cases, PIEFZA states that the identification of available land on which industrial development will be permitted is the largest obstacle and most difficult aspect of establishing these parks, followed by the obtaining permits for providing basic infrastructure. The siting of industrial parks is particularly demanding since it requires a sizable plot of land near main transportation routes, adequate services, major urban or population centers for access to labor, and preferably near one of the main commercial crossings into Israel to minimize transport and shipping.

Jalameh: Near the city of Jenin and the Jalameh commercial crossing in the northern West Bank, the Jalameh industrial estate has been planned to be built on 933 dunums of land (most of which was expropriated from private owners) since the year 2000 after the reclassification of this land from Area C to Area B was successfully negotiated, the first and so far only successful reclassification of land for industrial purposes. Permits for off-site infrastructure (roads, power, and water) are only now showing signs of serious progress, creating expectations that development might begin at the site in the near future.

Agro-industrial park: Planned near the city of Jericho and the Allenby crossing to Jordan in the Jordan Valley, this park originally planned at 1115 dunums, 500 dunums of which are in Area C. Since there has been no approval yet on the Area C portion of the park, the project is intended to be phased to start with the 615 dunums that are classified as Area B. The provision of services and the expansion of the park will require GOI approval. The land in Area B is partially public land and partially privately owned. The provision of services to the site is still being explored through a Japanese feasibility study due to be completed this fall, however an interim report has already identified an access road from the site to Road 90, the main road in the Jordan Valley as critical to the development of the park, a proposition which so far has been rejected by Israeli authorities.

Tarqumiyah: The Tarqumiyah industrial estate is planned in the Hebron district near the Tarqumiyah commercial crossing on 1500 dunums of land in Area B and C owned privately and by a neighboring village (masha' land). Despite having international support and the Turkish government as a champion of this project, the project has stumbled on the need to obtain Israeli permission to site a portion of the project on Area C land and have it reclassified as Area B.

Bethlehem: The Bethlehem industrial estate is proposed to be built on 510 dunums of Waqf and private land in Area A. The project is intended for mixed industry and could be expected to move forward quickly due to the fact that its location will not require any permits or negotiations with the Israeli authorities, with the exception of providing electricity and water services. However, the relatively large number of private owners of the land may potentially cause delays in executing the land expropriation decision by the PA, underscoring the desirability of Area C, public land for these types of projects.

Source: Interviews with PIEFZA, June and August 2008.

CHAPTER 4: EFFECT OF GOI LAND POLICIES ON THE DEVELOPMENT PROSPECTS OF AREAS A AND B

49. The restrictions in Area C land have significant consequences for Areas A and B, where over 90% of the Palestinians reside. These policies impact the people in two ways. First by preventing urban areas from spreading into Area C, they create artificial land scarcities which severely distort land markets; second, they limit the scope for municipalities and village councils to efficiently use the land at their disposal, to meet the needs of their growing urban populations.

Effect on Land Markets

50. The past few years have witnessed an explosion of land prices, particularly in sought after areas of high population density. In Ramallah for instance, the municipality reports that prices of commercial land in the heart of the city have doubled each year for the past three years, reaching as high as \$4000/sqm at present. High and rapidly rising land prices are easily explained in the current situation where land supply is severely limited and the population is rapidly expanding.

- Land supply is constrained first and foremost by inflexible boundaries of built up areas that prevents the growing population from legally overflowing into vacant surrounding land. At the same time, some land is de facto withdrawn from the market when the ownership situation is so complex that it cannot be sold, due to a large number of co-owners, some of whom may be absentees. And in most areas, the shortage of registered land with clear and secure titles, discourage land purchase by serious investors. In effect the supply of desirable land for investment is even less than the physically available land in the areas under PA's administration.
- The demand side on the other hand is strong and growing rapidly. Population pressure is the main factor, whereby rapid growth (around 3% in West Bank) has to be accommodated on a limited land area. But there are other factors as well. Despite the crisis, private capital inflows from abroad picked up in 2006 and continued to grow in 2007⁷⁴. Remittances are used for consumption, but also seeking investment opportunities. The real value of domestic cash savings, usually in US dollars or Jordanian dinars, are threatened by the falling dollar, creating pressure to convert these cash savings into stable investments. With few profitable options in the productive sectors, much capital is invested in land, putting added pressure on prices. Also, low land tax rates coupled with insufficient tax collection due to the limited number of registered properties, encourage speculative land purchases.

The main consequence of this land scarcity is that Palestinians face extreme difficulties in gaining access to land with good development potential at a price that makes it worthwhile to invest. This in turn affects housing, commercial, and industrial development.

51. The division of the West Bank into four areas with inflexible borders and different access and land use possibilities creates a thoroughly fragmented land market with exaggerated price differentials (Table 2). Area C holds some attractive land for development

but uncertainties generated by the restrictions on construction permits artificially depress land prices. Based on comparisons of properties within the same areas and with similar characteristics, as well as the professional opinion of property valuation experts and real estate agents, all other things being equal, the premium for land classified as A or B vs. C can range from 30% to over 150% or more, depending on the location and the perceived relative "safety" of the property of Area C from confiscation or demolition. Ramallah municipality provided the example of one plot of land partly in Area B at \$100/sqm, and partly in C at \$40/sq m, indicating a premium of 150% for land under full PA administration. Agricultural land in the Jenin district, despite being priced in a completely different range and arguably in a different market, showed similar premiums, at over 100%, for Area A land over C. At the same time, the long term scope for economic rent is large for anyone with sufficient clout to obtain construction permits.

52. Land demand by Palestinians for investment, be it for housing or business, has to be met almost entirely by Areas A and B. But there is also a price differential between them since Area B tends to be further afield, and other factors also contribute to deflating the price. First, the GOI is in charge of security and although theoretically there is no problem with building permits, in practice the military can stop construction. Also, banks are hesitant to provide mortgages or accept such properties as collateral for loans since repossession in an area policed by the GOI would be especially difficult. Finally, access to Area B from the main centers of economic activity (generally Area A) is often interrupted by Area C and consequently at the risk of closure or delays, making a simple journey uncertain and time-consuming. In practice therefore, accessing Area B land, even in close range of the town, can be a long journey. Its value for developing commercial and housing activities is that much lower. It should be noted that this disadvantage also applies to discontinuous enclaves of Area A land as well.

53. In general, Area A is the place of choice for construction, both because Palestinians are in full control of all government and security matters, and because it contains the main centers of population and economic activity. However, with rapid urban population growth and the shortage of urban expansion areas, vacant plots with clear title are in very short supply. Such plots can fetch exorbitant prices, reaching up to \$4000/m² for commercial plots in the heart of Ramallah as noted earlier. In general, vacant land is so scarce and so expensive, that in some cases industrial expansion in Ramallah is simply not feasible. Land in the small Ramallah/ Beitunia industrial zone can cost anywhere from \$100 to over \$400 per square meter, if it can be found at all. In contrast, land at the site planned by the PA for the Tarqumiyah industrial estate (Area C, but for which permit is still pending) is estimated to be valued at about \$4.5/m². Even without utility connections, these prices are much more favorable than in nearby Hebron industrial zone (about \$85 per sqm)⁷⁵.

Table 2: Indicative Land Prices in the West Bank

District	Land use	Zone	Price range reported	Comments
Ramallah	Residential	A	\$135 - \$1000	Price at low end is for residential areas outside the Ramallah municipality in nearby villages
Ramallah	Residential	B	\$25 - \$250	
Ramallah	Residential	C	\$20 - \$126	Potential residential, outside plan
Ramallah	Commercial	A	\$200 - \$4000	Price range impacted heavily by type of commercial zoning
Ramallah	Industrial	A	\$100 - \$500	Price at low end is for land situated near the sewage plant and solid waste site.
Ramallah	Agricultural	A/B	\$15 - \$100	This range covers a broad range of areas in terms of proximity to the urban area.
Ramallah	Agricultural	C	\$2.5 - \$7.5	
Hebron	Residential	A/B	\$35 - 177	
Hebron	Commercial	A/B	\$388 - \$2472	
Hebron	Industrial	A/B	\$18 - \$85	Price at low end is for industrial areas outside the Hebron municipality in nearby villages
Hebron	Agricultural	B	\$11	
Hebron	Agricultural	C	\$0.7 - \$21	Price at high end is for desirable property in what is perceived to be very "safe" Area C, i.e. low threat of demolition.
Jenin	Residential	A	\$21 - \$81	
Jenin	Agricultural	A	\$4 - \$113	Price at high end is for agricultural zoned property within the Jenin municipality that has strong future commercial potential.
Jenin	Agricultural	C	\$1.4 - \$4.2	

Sources: Prices were obtained from interviews with land valuation specialists, surveyors, real estate agents, municipal employees, and private citizens in the areas of Ramallah, Hebron, and Jenin during June and July, 2008. These prices are only indicative of land prices in these areas and should not be regarded as absolute upper and lower limits of the price range.

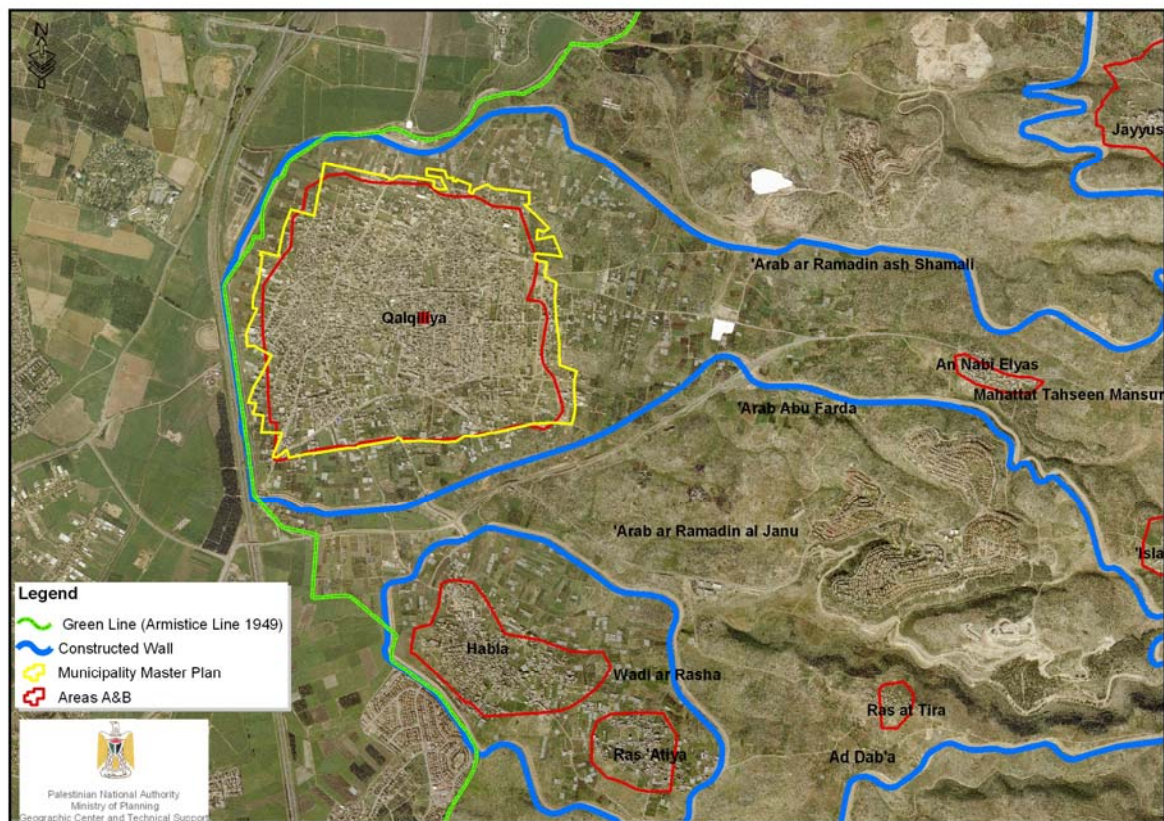
54. Because of the cost of land, much new housing is planned to be high rise. In general, land available in Areas A and B goes to housing as a matter of priority, even when land is better suited for agriculture, industry, or other uses. In effect, with capital available from remittances and public sector employment on one hand, and limited options to invest elsewhere due to economic restrictions on the other, housing development is crowding out other land uses. At the same time, West Bank suffers from a housing shortage. According to the Palestinian Investment Fund, 304,000 units are needed over the next 10 years, and 108,000 over the next three years to respond to needs from growth and latent demand. This shortage is exacerbated by the limited number of large housing developments and affordable housing available, with most housing developments undertaken as individual, private initiatives on self-owned land.

Effect on Urban Development

55. Urban development planning is a daunting task when most public as well as much of the vacant private land is in Area C; and when in Areas A and B, most municipal land is already utilized and limited vacant plots claim very high prices. In some cases, cities and towns will have suitable land in Area C adjacent to their municipal boundaries but are not permitted to develop it. For example the city of El Bireh, has a total area of 25,000 dunums of land, of which only 10,000 are within the master plan. The balance of 15,000 dunums is located in Area C and though this land is mostly unsuitable for agriculture, the municipality cannot develop it⁷⁶. The city of Hebron is unique in that it contains what is effectively Area C at the heart of the city (referred to as “H2”), where approximately 600 Israeli settlers live in the midst of 35,000 Palestinian residents, constraining not only the Palestinian municipality’s ability to develop the downtown area, but even basic commercial activity. According to the Palestinian Ministry of Local Governments, since Oslo, the Israeli authorities have not accepted any request from any Municipality to expand its master plan area into Area C. On the other hand, the potential for more rational land use and development exists for the future when municipal and village council lands that currently lie within Area C are controlled by their respective local governments.

56. In other cases, the built-up area has long exceeded the municipal master plan and even spilled over municipal boundaries, sometimes even into Area C (without permit) (see Annex II). Qalqilya is the most severe example of this scenario (see Figure 3 below), where the built up area has exceeded even the Area A space in which it is situated, but Tulkarem, Bethlehem, and other cities are also constrained geographically. Severe overcrowding is reported in such smaller cities and villages where housing demand is intense. As a result, there is extensive informal urban growth outside the municipal master plan areas (usually in Areas A and B, but sometimes Area C as well), in many cases without building licenses. Services are not provided to such developments until such time as the master plans ‘catch up’. Generally such development takes place on private (agricultural) land in contravention of the building codes. Hence much of the housing being built outside the larger cities is sub-standard, poorly planned and under-serviced⁷⁷.

Figure 3: Qalqilya Built Up Area, Municipal Master Plan Area, and Surrounding Area A



Source: PA Ministry of Planning

57. For the time being, artificial land scarcity caused by the division of authority over land use and planning between the PA and GOI distorts the pattern of urban development. It has been shown earlier how, with a rapidly growing population on a limited area, housing receives priority at the expense of job creation. The WBG Investment Climate study noted that a limited amount of land has been identified by local governments for industrial development, but that has seen more housing than industry erected. More often than not, businesses operate on land long owned by the family and business premises are often attached to the personal residence of the owner, which pose worrying environmental and safety concerns. In Hebron, Beit Sahour and other towns, factories are found right in the middle of residential areas.

58. High construction density and insufficient open spaces for parks and sporting facilities are characteristic of Palestinian towns in general. The Land Equity Study on Public Land Management underlines that open space is insufficient by international standards⁷⁸: “An important issue that has been revealed is the very low rates of provision of public open space in the majority of Municipalities”. Also, provision of public infrastructure and services is severely constrained by land shortages and high land prices. Investments in solid waste and water treatment plants are long overdue since sites most suitable would be in Area C, but as discussed above, permits from the Civil Administration are hard to obtain. In Ramallah, a

new wastewater treatment plant is essential to serve areas located too high up for the existing facility, and needs to be located in Area C. A request for a permit was submitted to Israeli authorities 4 years ago, but has not yet been granted.⁷⁹ (see Box 4). The Jenin municipality, arguably with ample surrounding land in Area A and B to the West of the city, has been compelled into building a marketplace and slaughterhouse and is planning a cemetery and an industrial school in Area C which cuts close into the city boundaries to the East. The municipality is currently in the process of applying for permits to regularize these public structures.⁸⁰

**Box 4: Constrained Urban Development Planning:
The Case of Ramallah Municipality**

The Ramallah Municipality has recently prepared a three year Comprehensive Development Plan for Ramallah and its Environs (2008 – 2010), one of the main objectives of which is to develop the city infrastructure while preserving the city environment. Of the estimated \$142 million budget for the entire development plan, over 60% are allocated to the infrastructure development component. In many cases these projects serve not only the Ramallah municipality, but neighboring El-Bireh and Beitunia municipalities as well as some surrounding towns and villages. A number of these projects, indeed those most critical to maintaining and improving the living conditions and level of municipal services to the area, are constrained by the limits of the municipal master plan area as well as the limits of the contiguous Area A and B surrounding the Ramallah and El-Bireh municipalities. For each of the planned wastewater treatment plant, solid waste landfill, Christian-Muslim cemetery, and ring road, a total budget of \$59 million in infrastructure development projects, the use of land in Area C is highly preferable or essential to meet public health and service provision conditions. The Ramallah municipality or other partners have submitted some of these projects for approval by the Israeli civil administration, while others remain in conceptual stages. Regardless of the status of the application and approval for each of these projects, the lack of PA authority over the areas immediately surrounding the municipal master plan severely limits the central and municipal governments' ability to properly plan and allocate land resources for future municipal development.

The case of Ramallah dump-site illustrates the difficulties. Due to delays in obtaining permit for a new site, the existing one exceeded its life by many years, causing great problems including: a) encroachment on private owned land (already some court cases were filed against Ramallah municipality); b) urban sprawl in the direction the dump-site as one of very few directions for natural expansion; c) the random burning of waste in an effort to either reduce the quantities of waste or to salvage valuable metals for recycling; and d) the seepage of leachate into the open space and near by valley causing pollution of the water and surrounding environment, needless to say the breeding of mosquitoes and rodents.

Source: Ramallah Municipality and World Bank Land Administration Project Team

Note: Inquiries on the status of each of each projects indicates that the solid waste landfill received approval from the Israeli authorities after reviews of about two years, while the wastewater treatment plant has an initial approval but requires reconfirmation of the site since the Separation Barrier was built in proximity to the planned site. Detailed plans for the cemetery were submitted one year ago and are still awaiting approval, while the Ring Road is still in its conceptual phase but requests for the reopening of an existing part of this road that passes through Area C and which has been closed since 2000 have not been granted.

CHAPTER 5: LAND ADMINISTRATION BY THE PALESTINIAN AUTHORITY IN AREAS A AND B

59. Land use restrictions will stunt the Palestinian economy so long as Area C is off limits for infrastructure investment, and movement restrictions render non-contiguous enclaves of Areas A and B unattractive for urban expansion. Within the narrow confines of land accessible for development however, the Palestinian Authority can take measures to improve development prospects by enhancing planning, tenure security, the functioning of land markets and the management of scarce public lands, while at the same time building up the capacity of its institutions for the longer term. However, under present circumstances, the economic impact of improved land administration in Areas A and B will have its limits.

60. The PA inherited a complicated situation when it assumed the mandate for civil activities in Areas A and B in 1995. Municipalities and village plans were obsolete, the land registry had been closed to the public, and systematic registration halted. The land administration functions (land adjudication, surveying, registration, and public land management) were scattered among different government entities, and the land administration system was based on a legal framework consisting of about twenty-six pieces of legislation enacted by the former powers controlling the area, including the Ottoman, British, Jordanian, and Israeli. In addition, the PA recovered three sets of land records (Ottoman, British and Jordanian), with transactions registered according to the system in which the land was originally recorded.

61. Since then the PA has taken a number of actions to improve land administration in the West Bank. Initially, re-establishing the Jordanian procedures eased some of the problems Palestinians had experienced in registering land and sales. In 2002, The PA consolidated land administration within the newly created Palestinian Land Administration Agency (PLA). Also, in December 2004, the Council of Ministers adopted a land policy statement that includes the following key objectives: improving tenure security; developing efficient land and property markets, managing land in an equitable manner; and promoting the transparent management of public land. The fledgling PLA faces an enormous challenge if it is to meet these important objectives.

62. An important characteristic of the Palestinian land market is its degree of informality, estimated at approximately 85%⁸¹. In a survey conducted by Land Equity International, the majority of unregistered owners reported not intending to register their ownership rights as incentives to do so are negative: registration is perceived as a bureaucratic and costly requirement that exposes private information. Even initial registration is not necessarily indicative of the current ownership status, since frequently transactions have not been registered and the registration records are out of date. Despite the challenges, the land market has remained vibrant within the informal sector. For large scale development however, and for access to mortgage credit, up-to-date registered titles are a necessity.

Optimizing Land Use Planning at the Local Level

63. Local planning is under-resourced, and the resulting plans are generally rudimentary and limited to basic zoning, planned roads, and building codes. Master plans for villages and towns are still being updated, with most still reliant on the master plans prepared by the Israeli Civil Administration pre-Oslo. Also, several municipal master plans remain to be updated - at least five plans for major towns are between 28 and 62 years old⁸². The Ministry of Local Government is mandated with the authority to prepare master plans per the Jordanian law, and the legal structures and approval authorities of the Higher Planning Council, district councils, and local planning councils are in place in accordance with the law, however more may need to be done to strengthen the technical review and participation of these councils and committees throughout the planning process.

64. Municipal public land information systems currently vary widely from one municipality to the next in terms of comprehensiveness, accuracy and technology.⁸³ Municipal land is not adequately planned for in local level planning. As a result, many of them have amounts of municipal land well below world standards, and recent master plans appear to continue this trend. In general, municipalities take advantage of the provision that allows for 25% of a lot to be taken without compensation on the presumption that a road will add value to the land, but expropriation of 30% of the land upon subdivision (termed 'parcelation'⁸⁴) is not widely practiced due to restrictions on the timeframe and use of land expropriated under this law⁸⁵. Most new municipal land is actually purchased, which given the high land values and the lack of donor funds for land purchases restricts the capacity of municipalities to procure land. Placing a higher priority on acquiring municipal land through parcelation would alleviate somewhat the shortage of land needed to provide community facilities and public services. Nevertheless municipalities point out that land acquired through 'parcelation' must by law be developed within 7 years, which is not always possible. Also, such land cannot be used for productive investments (e.g., commercial or industrial area), and until the land situation changes, municipal efforts to promote local economic development will remain severely constrained.⁸⁶

Improving Tenure Security

65. The need to strengthen tenure security is evident from the number of land related disputes. Though there are no official statistics, there does appear to be a consensus among stakeholders that the number of cases is large. Estimates are that roughly 25% of cases before the courts are related to land disputes.⁸⁷ At present, the court system is slow and inefficient and defending land rights can be prohibitively expensive, especially for the poor. Many cases are likely related to the extensive use of Irrevocable Powers of Attorney (IPA) in lieu of registered transactions (see para. 67). The actual number of conflicts related to IPAs is not known, but estimated to be in the thousands, and possibly tens-of-thousands. Other disputes are related to inheritance cases, especially where land has not been subdivided for generations. The failure to subdivide plots results in a large number of legal heirs for a single plot of land, and reaching a unanimous decision on transactions affecting the land becomes quite intricate. Other conflicts are related to boundary disputes, especially in rural areas. The high shares of land properties that remain unregistered explain much of the prevailing insecurity. Land Equity International estimates them at 50% in the populated centers (Area

A) and 24% in the rural centers and surrounding countryside (Area B). The registries records are not up-to-date, and generally not supported by individual cadastral maps.

66. Security of tenure and protection of property rights are especially important to Palestinians as confiscation of, and restricted access to, land have been key elements of the ongoing conflict. The value of tenure security is evidenced by the relatively higher price of plots that have secure titles: the PLA found that in the pilot Land Administration Project, prices of land roughly doubled after titling (from \$15 to \$30/sqm). To increase security, the PA plans to resume the systematic land adjudication, surveying and registration process that was interrupted in 1967, with simplified procedures to accelerate the pace. The logistics of such an exercise in the current conditions of the West Bank, including movement restrictions, are not easy. Augmenting the physical and human capacity of the PLA cannot be over-emphasized. Upgrading skills, modernizing offices, and computerizing land information systems are a pre-requisite. At the same time, enhancement of the judiciary is essential since the number of disputes will likely increase upon commencement of comprehensive land adjudication. The establishment of specialized land courts, called for in the draft Land Law, would facilitate conflict resolution; and alternative dispute resolution mechanisms could be of particular help in resolving boundary disputes, thus un-burdening the courts.

67. With reform of the land administration process underway and the preparations for drafting of a new *Land Law*, the PLA is now in a unique position to modify and strengthen security of tenure. As systematic land registration begins in Areas A and B, the PLA should guard against distortions introduced in the process of initial registrations, which can be considerably harmful and difficult to neutralize later in the process.⁸⁸ Types of property and property rights formally recognized should take into account legacies of the past as well as present realities, particularly since in the Palestinian context the formal land administration system has never truly reflected the realities on the ground. The designation of public vs. private lands is particularly important in this context given the absence of a comprehensive public land inventory, the potential for lands loosely deemed as public to actually qualify as private land based on prescribed periods of continuous usage, and the low levels of registration of private lands overall. If rights are defined too narrowly, certain categories of persons - particularly the poor – can be deprived of their property rights. Also special attention needs be given to women, often compelled by societal pressures to relinquish their land rights to male relatives.⁸⁹

Increasing the Efficiency of Land Markets

68. Efficiency and security in land markets operations depends upon the Registry being kept up-to-date. Until recently, this has not been the case and only about ten percent of all transactions (e.g. sales and inheritances) were registered with the Palestinian Land Authority.⁹⁰ Those avoiding use of the registries tend to carry out transactions through the use of irrevocable powers of attorney (IPA) officiated by public notaries.⁹¹ Doing so avoids transaction fees and procedures associated with the land registry, but it also increases the potential for conflicts. The IPA process is problematic because there is no record of IPAs issued and multiple IPAs can potentially be issued for the sale of the same plot of land, which in turn leads to land disputes. Also, IPAs undermine the land registration system, as it

provides a disincentive for persons to register transactions, and reduces the accuracy of the registries, which in turn makes due diligence in terms of purchasing or leasing land by the private sector or private individuals more expensive and time-consuming. Even when land is registered, the limits on access to registration records also complicates due diligence. The draft *Land Law* will need to address this issue, as it currently provides such records only to landowners and their heirs, while third-parties must seek a court order to obtain access.

69. To increase the efficiency and security of land transactions, IPAs will need to be phased out. In fact, recently proposed legislative amendments would amend the period of validity to only one year for IPA transactions on registered land. In addition, enforcement of land taxation, currently being updated, will provide incentives for sellers to register land transactions. The problem is more difficult for inheritance cases and the failure to subdivide plots, particularly with absentee owners. The prevalence of this scenario is evident in the number of vacant plots of land in urban areas, which otherwise could be put up for sale for business purposes or housing developments. Specific procedures need to be developed in order to simplify the resolution of such cases.

70. Enhanced property taxation would discourage holding on to unproductive plots, thereby stimulating the land market. The Property Tax Directorate of the MOF levies and collects property taxes on behalf of 29 municipalities in the West Bank. In another 36 municipalities, property tax is not collected. Through a recent Cabinet decision, responsibility for property tax collection will be passed on to the capable municipalities, thereby increasing the efficiency of tax collection. Updating property values, currently under way, and increasing the coverage of property taxation offer good potential to increase the efficiency of the land market while raising municipal revenues and urban investments.

Improving the Management of State Lands

71. In general, there is little State land within Area A and B, and similar to private land, even less is actually registered and titled. No comprehensive inventory exists of State lands in Areas A and B, and the PLA department responsible for State land was unable to provide an estimate of the amount of such land in Areas A and B. Thus, what State land is available is a valuable asset and should be treated as such. Until the present, much State land has been disposed of in a non-transparent manner with little relation to the value or most beneficial usage of the land. This is a lost source of revenue for the PA and probably leads to suboptimal allocation of such land. Today the legal framework for allocating State land is inadequate, lacking among others objective decision criteria. Illegal encroachment is a serious problem and there are no real procedures for resolving it. Consequently, it is essential to upgrade the management and disposition of State land which, being mainly in Area C, could become more abundant in the future.

72. Recently, the Palestinian ministerial Land Policy Task Force has taken steps to reform the system. It has been agreed to establish a Board of Directors, to be chaired by the Ministry of Finance. Among other duties, the BOD will have separate guidelines, instructions and procedures for disposal of State/Public land to be carried out by specialist

subcommittees comprised of technical staff from the various relevant ministries and representatives of the BOD

Reforming the Land Policy Framework

73. On April 21, 2008, the Palestinian Cabinet approved a new Land Policy Framework. The next important step will be to endorse the already formulated Action Plan for implementing the Policy Framework. Pending approval of that Plan, the donor community, including the World Bank, stands ready to fund a land administration program. The proposed operation would support implementation of the policy framework, including policy and institutional reforms aimed at establishing fair, transparent and easily accessible mechanisms to enforce land rights; build up the capacity of the registry and cadastre functions of the PLA, including delegation of surveying to the private sector; simplify the registration process; strengthen the system to adjudicate disputes; resume the systematic surveying, and registration of land; and improve the management of State lands.

CONCLUSION

74. The interim agreement remains central in determining authority over territory in the West Bank and consequently over land administration, planning, and use. Ultimately, the restrictions on access to land in Area C will only be resolved with the final resolution of the peace process and the end of the occupation. In the meantime, those concerned with the development of the Palestinian economy must take into account the serious restrictions that the current situation imposes on economic investment and growth.

75. In the aftermath of the Oslo Accords, the Palestinian economy was expected to enter a period of sustained and rapid growth. Instead, after a few years of growth, starting in 2000, the economy has been in steady decline, with overall GDP and per capita GDP respectively down 14% and 40% from their peak in 1999⁹², and poverty on the increase. Meanwhile foreign aid has succeeded in doing little more than slowing down the deterioration of the economy, despite ever larger volumes. Foreign aid reached a record US\$1.4 billion in 2006⁹³, mostly needed for recurrent budget support and leaving very little for development assistance (a mere 6% projected for 2008).

76. The reversal of this trend entails stimulating private and public sector investment. This in turn will require a fundamental shift in Israeli policy, specifically expanding the economic space available for Palestinian development in the West Bank, addressing the increasingly entrenched and expanding impact of Israeli settlement activity on the Palestinian economy, and enabling the use of land through a participatory planning system and land administration policy that fosters rather than constrains growth and development and promotes the rational use of land resources in the entire West Bank.

77. In parallel, the PA will need to strengthen development planning and land administration. For all countries, reforming the land administration framework is a complex and long-term undertaking that require legislative changes and institutional capacity building. In the West Bank the challenge is even greater due to the particular constraints on land access, and the difficulties of administering a fragmented territory. Even so, it is not too soon for the PA to improve its governance in all aspects of land management, most importantly land use and development planning and public land allocation, while also developing PLA's capacity to implement systematic land registration. In time, increasing the stock of land with secure titles will boost private sector activity, and better land records will facilitate land use planning and the acquisition of municipal land for public services.

78. Under present circumstances nonetheless, the economic impact of improved land administration by the PA is very limited. As long as Israeli restrictions to access to land and water resources and movement are in place, and the majority of the West Bank remains to a large degree inaccessible for Palestinian economic investment, and the investment climate will remain unfavorable and business opportunities much below potential. Yet the conditions for security of property rights and an efficient land market will be in place, access and use of land within Areas A and B would be improved, and latent investments and growth will be ready to take off as soon as the movement restrictions are lifted and the land situation becomes more favorable.

Annex 1: Regulatory Framework and Authorities for Planning in the West Bank

Legal and regulatory framework and authorities	PA administered areas (A & B)	Area C – Palestinian localities	Area C – Israeli settlements
Applicable Laws, Regulations, and Amending Military Orders	Jordanian City, Village, and Buildings Planning Law of 1966 Building and Planning Regulations for Local Councils, Draft Regulation No. 3 (1996) Building and Planning Regulations Outside the Planned Areas Draft Regulation No. () (1996) Agriculture Law Registration Law	Jordanian City, Village, and Buildings Planning Law No. 79 of 1966 Military order 418 – Planning of Cities and Villages, 1971 and subsequent amendments	Jordanian City, Village, and Buildings Planning Law No. 79 of 1966 Military Order 418 Military Order 604 Military Order 783 Military Order 895 Military Order 860 Military Order 1043 Military Order 848 Israeli Planning and Building Law, 1965
	No regional plan. (PA Regional Plan for West Bank was never approved)	British Mandate Regional Plan for Jerusalem (RJ5), 1942 and British Mandate Regional Plan for Samaria (S15), 1946 – of undetermined legal status	British Mandate Regional Plan for Jerusalem (RJ5), 1942 and British Mandate Regional Plan for Samaria (S15), 1946 – of undetermined legal status Partial Regional Plan No. 1/82, 1982 Road Plan 50, 1984
Applicable Plans	Master Plans available for all municipalities and most localities (originally developed by Civil Administration), currently being updated, 120 of about 500 plans already revised by MOLG	Special Partial Outline Plans available for a few localities, usually prepared by the Central Planning Department, most localities have no master plans	Master Plans usually prepared by the Israeli Ministry of Housing and Construction or the Settlement Division of the World Zionist Organization and submitted to the Supreme Planning Council

Legal and regulatory framework and authorities		PA administered areas (A & B)	Area C – Palestinian localities	Area C – Israeli settlements
Planning Authorities (approval)	Regional Plans	Higher Planning Committee (PA Ministries and service authorities.) District Planning Committees	Supreme Planning Council – General Sub-committee and Central Planning Department – Israeli Civil Administration	Supreme Planning Council – Settlement Sub-committee
	Municipal/ Local Master Plans	Higher Planning Committee District Planning Committees Municipalities and local planning committees (village councils) may prepare plans	Supreme Planning Council – General Sub-committee and Central Planning Department – Israeli Civil Administration	Supreme Planning Council – Settlement Sub-committee
	Detailed Area Plans	Higher Planning Committee District Planning Committees Municipalities and local planning committees (village councils) may prepare plans	Supreme Planning Council and Central Planning Department – Israeli Civil Administration	Supreme Planning Council – Settlement Sub-committee Jewish Regional Councils designated as “special planning committees”
Building Permit Authorities	Within municipal master plan	Municipal authorities	Not applicable (no municipalities exist in Area C, only village councils)	Jewish municipal or regional councils designated as “special planning committees”, otherwise Supreme Planning Council and Central Planning Department – Israeli Civil Administration
	Within village master plan	District planning committee	Supreme Planning Council and Central Planning Department – Israeli Civil Administration	Supreme Planning Council and Central Planning Department – Israeli Civil Administration
	Outside master plan area	District planning committee	Supreme Planning Council and Central Planning Department – Israeli Civil Administration	Supreme Planning Council and Central Planning Department – Israeli Civil Administration

Note: This list of laws, regulations, and military orders includes most of the key pieces of regulation, but is not comprehensive, particularly in the case of Israeli military orders.

Sources: Based on information from interviews with officials from the PA Ministry of Local Government as well as Coon, Anthony, “Town Planning Under Occupation: An Examination of the Law and Practice of Town Planning in the Occupied West Bank”, University of Strathclyde, Al Haq, Ramallah 1992.

Annex 2: Land Areas and Populations for main Population Centers in the West Bank

Population Area	Number of Structures ¹	Actual Area of Structures (dunums) ²	Built-up Area (dunums) ³	Population in Built-up Area ⁴	Population / dunum in built-up Area	Municipal Master Plan Area	Contiguous A&B land area around population center ⁵	Total population in contiguous A&B land area	Population/ dunum in Contiguous A&B land Area
Jenin	8000	1384	10154	47679	4.70	22000 (recent expansion)	633870	465148	0.73
Tubas	2800	350	3249	15104	4.65	8453			
Nablus	14900	3307	20058	171613	8.56	28879			
Tulkarm	9500	1410	12221	73387	6.00	13790	14335	60293	4.21
Qalqiliya	5200	834	5086	41616	8.18	4251	3803	41616	10.94
Salfit	1500	233	2731	9148	3.35	3916	133475	52160	0.39
Ramallah, Al Bireh and Beitunia	11200	2571	23356	78048	3.34	25649	75001	96565	1.29
Jericho	8800	1584	12732	27901	2.19	21762	59094	29765	0.50
Bethlehem	12000	2334	19642	93127	4.74	5600	30344	84755	2.79
Hebron	15000	3422	26538	154714	5.83	44000 (recent expansion)	150238	224448	1.49

Source: Data extracted from PA Ministry of Planning GIS system and from Ministry of Local Government.

Notes

¹ The Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip, Washington, D.C. (September 28, 1995), Article XI

² Article XI of the Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip, Washington, D.C. (September 28, 1995) states: “During the further redeployment phases to be completed within 18 months from the date of the inauguration of the Council, powers and responsibilities relating to territory will be transferred gradually to Palestinian jurisdiction that will cover West Bank and Gaza Strip territory, except for the issues that will be negotiated in the permanent status negotiations.” Territorial issues that will be negotiated in the permanent status negotiations are mainly the settlements and Jerusalem.

³ World Bank, West Bank and Gaza Update, March 2008, page 16.

⁴ World Bank, “Movement and Access Restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy”, (9 May 2007).

⁵ Measuring the impact of land market distortions on economic growth is very difficult to do under the best circumstances. It is nearly impossible since the Government of Israel provides only limited information about its activities or security restrictions in the West Bank and the PA does not disaggregate data by Areas A, B and C.

⁶ Calculated based on West Bank land area of 5,655 sqm and population of 2,345,107 (PCBS 2007). This is highly favorable in comparison to Gaza with population densities almost ten times higher (3,800 p/sqm)

⁷ The Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip, Washington, D.C. (September 28, 1995), Article XI

⁸ Amnesty International’s report, Israel and the Occupied Territories: The Demolition and Dispossession of Palestinian Homes (December 1999).

⁹ The Humanitarian Impact on Palestinians of Israeli Settlements and Other Infrastructure in the West Bank, UN Office for the Coordination of Humanitarian Affairs (OCHA) July 2007, page 12. According to the United Nations OCHA, settling an occupied territory is illegal under the Fourth Geneva Convention which “explicitly prohibits the transfer of the Occupying Power’s civilian population into the territory it occupies since such settlement makes terminating the occupation more difficult. The illegal status of Israeli settlements has been confirmed by the United Nations (UN) Security Council and the International Court of Justice (ICJ)”.

¹⁰ World Bank calculations based on Israeli Central Bureau of Statistics population figures and the Jerusalem Institute of Israel Studies, Statistical Yearbook of Jerusalem.

¹¹ Ibid.

¹² Ibid.

¹³ OCHA, op. cit., pages 12 - 18.

¹⁴ Peace Now Settlement/Outpost Report, 2006, 21 February 2007.

¹⁵ *Summary of the Opinion Concerning Unauthorized Outposts* commissioned by the office of Prime Minister Ariel Sharon, produced by Talia Sasson, former prosecutor, and made public on October 18, 2005. For the purposes of the report, the term “unauthorized” refers to outposts established in the West Bank without having met the necessary conditions for establishment of a settlement pursuant to Israeli regulations, including: a government resolution establishing the settlements; the status of the land has been properly ascertained as public land; the settlement is established pursuant to planning permits; and the boundaries of the settlement jurisdiction are determined by the Military Commander of the West Bank.

¹⁶ OCHA, op. cit., (page 41)

¹⁷ Ibid, page 51

¹⁸ A Review of the Palestinian Agriculture Sector 2007 – Consulate General of Spain in Jerusalem., p. 43.

¹⁹ B’Tselem, Land Grab, Israeli Settlement Policy in the West Bank, May 2002, page 95.

²⁰ OCHA, op. cit., pages 48-50.

²¹ B’TSELEM – (http://www.btselem.org/English/Freedom_of_Movement/Road_443.asp)

²² OCHA, op. cit.

²³ Order Concerning the City, Village and Building Planning Law (Judea and Samaria) (No. 418) 5371-1971. Only the planning authorities of municipal councils – responsible for detailed plans – were left to Palestinians, though their powers were curtailed, and no municipalities exist in Area C today. District planning committees and planning authorities of village councils were eliminated, and their powers transferred to the Supreme Planning Council.

²⁴ These “special partial outline plans” usually also include some local roads, sometimes sized and located seemingly without regard for the village needs and existing structures, and sometimes specify different types of residential areas as well, but rarely designate any commercial, industrial, or public areas.

²⁵ OCHA, op. cit.

²⁶ COGAT notes that many of those left outside the master plan are not considered permanent residents of Jiflik, but seasonal migrants from nearby Tubas. Nevertheless this implies an inability of Palestinians to move and reside freely within the Jordan Valley.

²⁷ Palestinians tend to build homes on land owned by the extended family, and therefore land is not freely available and exchangeable within the limits of a village master plan.

²⁸ This requirement is upheld by the Israeli civil administration despite the fact that the Jordanian Law did not require proof of ownership for approval of building permits. (Coon).

²⁹ Government of Israel, Office of the State Comptroller, Annual Report 56A. Information from this report is based on an unofficial translation from Hebrew to English.

³⁰ Area C: Palestinian Construction and Demolition Stats, Peace Now, February 2008. All these quoted figures exclude construction and demolitions in East Jerusalem.

³¹ Peace Now, Israeli Settlement Building on Private Palestinian Property, October 2006

³² “Absentees” are those Palestinians who are not included in the Israeli-held population registry for the West Bank & Gaza listing all Palestinians considered to be residents of the occupied territories following the 1967 occupation by Israel. According to Israeli Military Order 58 of 1967, “Order Regarding Abandoned Property”, any property left behind by an owner who left the occupied territories on, before, or after June 7th, 1967 (i.e. absentees) is considered abandoned property which is under the custody of the Custodian of Abandoned Property appointed by the Israeli military commander of the West Bank.

³³ Land Registration Study for the Ministry of Planning – by Land Equity International, May 2007 p. 28.

³⁴ Meeting with members of Palestinian Agricultural Relief Committees in Ramallah on 14 January 2007. The landowner can only use private surveyors licensed with the Civil Administration, and a simple visit by the surveyor normally costs at least one hundred Jordanian Dinars. Registration costs run anywhere from ten to one hundred Jordanian Dinars per dunum, which is prohibitively expensive for many landowners, especially the poor. In addition, it costs roughly \$2500 just to open a file with a lawyer and surveyor to further the registration process. The tax on registration of land in Area C is five times higher than it is in Areas A and B – five percent versus one percent, respectively. Transfers of land, which must be approved by the GOI Military Commander of the West Bank, are also taxed at a rate of five percent. A five percent tax rate is also applied to all subdivisions of land, which is considerably higher than the rate in Areas A and B.

³⁵ *Ibid.*

³⁶ According to the Israeli Military Order 172 of 1967 “Regarding Appeal Committees in Judea and Samaria”. Although legally, the Israeli High Court of Justice could still review a petition in this matter.

³⁷ Government of Israel, Office of the State Comptroller, Annual Report 56A, August 31, 2005.

³⁸ Etkes, Dror and Ofran, Hagit “Breaking the Law in the West Bank – The Private Land Report”, Peace Now (November 2006).

³⁹ *Summary of the Opinion Concerning Unauthorized Outposts* produced by Talia Sasson, and made public on October 18, 2005, available at www.mideastweb.org.

⁴⁰ Lein, Yehezkel “Land Grab: Israel’s Settlement Policy in the West Bank”, Report of B’Tselem, 2 May 2002, p. 31.

⁴¹ Government of Israel, Office of the State Comptroller, Annual Report 56A. For example, 39% of the requisition orders issued throughout the West Bank between March 2001 and September 2003 expired, and although such orders were not renewed the land was not cleared or returned to its original state. In addition, 80% of the orders for requisition of land for military positions and outposts for IDF around Hebron had expired.

⁴² Order Regarding Abandoned Property (Private Property) (Judea and Samaria) (No. 58) 5727-1967.

⁴³ Military Order 172.

⁴⁴ Shehadeh, Raja “The Law of the Land: Settlements and Land Issues under Israeli Military Occupation”, PASSIA – Palestinian Academic Society for the Study of International Affairs (July 1993), p. 6. For example, in the case of *Francois Albina vs. The Custodian of Public Property* (16/82), attorney Raja Shehadeh was able to prove his Palestinian client was the owner of the land, but the Objections Committee found the Custodian acted in “good faith”, and thus the long-term lease of the land to the Jewish Agency was allowed to stand.

⁴⁵ Order Regarding the Lands Law (Acquisition for Public Needs) (No. 321 and No. 949), 5729-1969 and 5734-1981. Amendments were later issued minimizing obligation of notification, and made the Civil Administration responsible for issuing decisions and the military appeals committee responsible for handling appeals.

⁴⁶ HCJ 393/82, *Jam’ayat Iskan Al-Mu’alimun v. Commander of IDF Forces*, Piskei Din 37(4) 785, and HJC 6592/94, *Municipality of Hebron et al. v. Minister of Defense et al.*, Piskei Din 50(2) 617.

⁴⁷ World Bank, “Movement and Access Restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy”, (9 May 2007).

⁴⁸ OCHA Special Focus “Lack of Permit” Demolitions and Resultant Displacement in Area C, May 2008. The broad range is due to the method of estimation which can vary widely since many Palestinian villages are located partially in Area A and B on the one hand, and partially in Area C, so it is difficult to determine the actual number specifically residing in Area C.

⁴⁹ This is in comparison to 18,472 housing units which were constructed in the settlements during the same time period (According to the Israeli Central Bureau of Statistics, completed construction in the Settlements from 2000 till September 2007). As compiled by Peace Now.

⁵⁰ Indeed developers deem investment in Areas A or B that are not contiguous with main urban and service provision centers as risky as well, due to the need to cross Area C and possible interruption of traffic and services to the area.

⁵¹ According to B’Tselem (“Statistics on Demolition of Houses built without Permits in East Jerusalem”), in the period of 1996-2000, the number of recorded building violations was four and a half times higher in Israeli neighborhoods of Jerusalem (17,382 violations) than in Palestinian neighborhoods of East Jerusalem (3,846 violations). Nevertheless, during this same period, the number of demolition orders issued in West Jerusalem was four times less (86 orders) than the number in East Jerusalem (348 orders). In other words, while over 80 percent of building violations were recorded in West Jerusalem, 80 percent of actual demolition orders were issued for buildings in Palestinian East Jerusalem.

⁵² Jerusalem Statistical Yearbook, No.7, June 2005, p. 171.

⁵³ World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee (page 22), September 2007.

⁵⁴ <http://www.peacenow.org.il/site/en/peace.asp?pi=61&fld=495&docid=3159>

⁵⁵ These costs have increased by around 35.6% compared to pre-Intifada prices, with journey times showing an increase of around 40% according to ARIJ and ACH (Acción Contra el Hambre). 2006. Marketing System Study for Tubas Governorate, West Bank (Unpublished report).

⁵⁶ The Attorney General of Israel has noted that the failure to prevent attacks on Palestinian harvesters is an “element of a broader phenomenon of lack of appropriate law enforcement against Israelis” in the West Bank. (Source: Yoaz, Yuval, Alon, Gideon and Lis, Jonathon, “Mazuz: Government Should Compensate Palestinians for Damages to Olive Trees”, *Ha’aretz* January 9, 2006.) In more than 90% of cases where investigations were initiated, which were monitored by the Israeli human rights group Yesh Din, the case was closed without any indictment. There were no indictments in cases involving property offenses. Source: “A Semblance of Law: Law Enforcement upon Israeli Citizens in the West Bank”, Yesh Din – Volunteers for Human Rights (June 2006).

⁵⁷ PCBS quoted in ARIJ, op. cit..

⁵⁸ A Review of the Palestinian Agriculture Sector 2007 – Consulate General of Spain in Jerusalem., p. 43.

⁵⁹ OCHA Special Focus, Occupied Palestinian Territories, November 2006. The survey was conducted in the Barrier communities of the Governorates of Salfit, Qalqiliya, Tulkarm and Jenin.

⁶⁰ Customs and Traditions, The Palestinian Bedouin, by Arturo Avendano, The Institute for Middle East Understanding, Aug 2008

⁶¹ A Review of the Palestinian Agriculture Sector 2007 – Consulate General of Spain in Jerusalem.

⁶² *Ibid*

⁶³ In 2008, the Israeli military authorities began granting permits for up to 120 buses and 20 private vehicles to enter the Jordan Valley per day, mainly from Jenin and Nablus. These permits are applied for and issued through the “DCL” coordination liaison offices in each district.

⁶⁴ PCBS quoted in A Review of the Palestinian Agriculture Sector 2007 – Consulate General of Spain in Jerusalem.

⁶⁵ *Ibid*

⁶⁶ PCBS Local Community Survey -2005, Main Findings, October 2005

⁶⁷ World Bank, West Bank and Gaza Investment Climate Assessment: Unlocking the potential of the Private Sector, March 20, 2007

⁶⁸ *Ibid*

⁶⁹ Annex VI, Article 5, paragraph 6 of the Israeli-Palestinian Interim Agreement allows for Palestinian private projects and joint ventures along the shores of the Dead Sea.

⁷⁰ A Review of the Palestinian Agriculture Sector 2007 – Consulate General of Spain in Jerusalem.

⁷¹ United Nations Environment Programme (UNEP), Desk Study on the Environment in the Occupied Palestinian Territories, 2002

⁷² Since the Oslo Accords according to UNEP

⁷³ United Nations Environment Programme (UNEP), Desk Study on the Environment in the Occupied Palestinian Territories, 2002

⁷⁴ World Bank page 12.

⁷⁵ Interview with PIEFZA.

⁷⁶ Meeting with Ministry of Local Government, April 10, 2008

⁷⁷ Land Equity International, Public and Municipal Land Management, July 07

⁷⁸ Generally one would expect an average of about 8% to 14% of an urban area to be dedicated to open space.

⁷⁹ Meeting with Ramallah municipality, on April 15, 2008.

⁸⁰ Meeting with Jenin municipality, July 2008.

⁸¹ Land Equity International, Land Market Study July 2007

⁸² Land Equity International, Public and Municipal Land Management, July 07

⁸³ Land Administration Project: Component 1 Conducting Land Policy-Related Studies for the Formulation and Development of the Regulatory Framework (12 March 2007).

⁸⁴ Land Parcelation: when land is subdivided a contribution of 30% of the land or cash-in-lieu shall be made towards public land needs in the area including for roads, open space, sites for community facilities and sites for public utilities.

⁸⁵ Land Equity International, Public and Municipal Land Management, July 07

⁸⁶ This assessment is based on a survey conducted in twelve municipalities in the West Bank and five in Gaza by the Ministry of Planning as part of the Land Administration Project funded by the World Bank and the Government of Finland. It is part of the larger Public and Municipal Land Management Study, and was presented on 10 April 2007 as the Land Administration Project: Component 1 – Conducting Land Policy-Related Studies for the Formulation and Development of the Regulatory Framework (12 March 2007).

⁸⁷ World Bank, *supra* Note 15.

⁸⁸ Deininger, K. and Binswanger, H.P. “Rent Seeking and the Development of Large-Scale Agriculture in Kenya, South Africa and Zimbabwe”, *Economic Development and Cultural Change* 43(3): 493-522 (1995).

⁸⁹ Social Assessment in Land Settlement Pilot Sites, Report 2 by Social Development Advisor, Land Administration Project/ West Bank and Gaza, World Bank, May 2007.

⁹⁰ World Bank, Land Administration Project – Project Appraisal Document (2005).

⁹¹ An Irrevocable Power of Attorney (IPA) is the most common means of undertaking a land transaction in the West Bank. Under GOI administration, the validity of IPAs was extended to fifteen years, which caused particular havoc with the accuracy of the land registry. The IPA gives the holder powers of act on behalf of the land owner in the use and transaction of the property and the facility to legalize the transaction. The IPA is valid for 15 years, can be renewed an indefinite number of times, and is transferrable. IPAs are registered only in public notary offices.

⁹² World Bank, West Bank and Gaza Update, March 2008, page 16.

⁹³ World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee (page 12), September 2007, page 31