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**OFFICE OF THE UN SPECIAL COORDINATOR  
FOR THE MIDDLE EAST PEACE PROCESS**

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**PALESTINIAN STATE-BUILDING:  
AN ACHIEVEMENT AT RISK**

**Ad Hoc Liaison Committee Meeting**

**New York, 18 September 2011**

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## ACRONYMS

AHLC	Ad Hoc Liaison Committee
ASYCUDA	Automated System for Customs Data
CAP	Consolidated Appeal Process
CDTP	Commission for Developing Teach Professionals
CPA	Crossing Points Authority
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GOI	Government of Israel
HRF	Humanitarian Relief Fund
HCJ	High Court of Justice
ICA	Israeli Civil Administration
IDF	Israel Defence Force
ILO	International Labour Organization
IMF	International Monetary Fund
IT	Information Technology
MOA	Ministry of Agriculture
MOEHE	Ministry of Education and Higher Education
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MOPAD	Ministry of Planning and Administrative Development
MOSA	Ministry of Social Affairs
MT	Metric Tonne
MTRP	Medium-Term Response Plan
MYR	Mid-Year Review
NDP	National Development Plan
NM	Nautical Mile
OCHA	Office for the Coordination of Humanitarian Affairs
oPt	Occupied Palestinian Territory
PA	Palestinian Authority
PLO	Palestine Liberation Organisation
PNP	Palestinian National Plan
SEFSec	Socio-economic and Food Security
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Program
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
UNRWA	United Nations Relief and Works Agency for Palestinian Refugees
VAT	Value Added Tax
VAW	Violence Against Women
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

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This report of the Office of the UN Special Coordinator for the Middle East Peace Process (UNSCO) builds on the UN's previous reports to the Ad Hoc Liaison Committee, which provided an assessment of the Palestinian Authority's state-building progress, and an update on the situation on the ground in the occupied Palestinian territory (oPt).

The report draws on a variety of sources, including inputs from UN agencies, funds and programmes, as well as published reports that are detailed in the end notes. Before the report is released it is discussed with the parties.

The reporting period is 21 April to 23 August 2011, unless otherwise noted; many references fall outside this period to illustrate relevant trends.

The UN Special Coordinator for the Middle East Peace Process provides a monthly briefing to the UN Security Council on the situation in the Middle East. These briefings provide greater detail on the UN's positions related to the changing political situation.

Previous UNSCO reports to the AHLC and Security Council Briefs can be found at: <http://www.unsco.org>.

## EXECUTIVE SUMMARY

**The report of the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) to the Ad Hoc Liaison Committee (AHLC) in April concluded that Palestinian Authority (PA) institutions in the six areas<sup>1</sup> where the United Nations (UN) is most engaged are ready to assume the responsibilities of statehood. Since then, Palestinians have continued their progress, further strengthening Palestinian institutions and addressing a number of important areas. Progress on this track will continue to form the institutional bedrock for a future Palestinian state. It also provides an important means to ensure that the needs of Palestinians continue to be met through robust Palestinian institutions.**

**Despite the PA's achievements and continued engagement to support Palestinians, an already significant gap continues to widen between a stalled political track and the progress realized under the state-building agenda. The inability of the parties to meet their agreed target for a permanent status agreement by September of this year, or even to resume negotiations towards that end, is a source of deep concern – as are continued acts on the ground which harm civilians, cause friction, prejudice negotiations or engender mistrust. After nearly twenty years of inconclusive peace negotiations since the Madrid Conference, the parties have yet again failed to meet an agreed timeline for a permanent status agreement. Today's reality, in which Palestinian state-building has matured in the West Bank but the political track has failed to converge, is dramatic.**

**There is an urgent need for a political framework through which the core issues can be meaningfully addressed in order to secure a negotiated two state solution which ends the occupation, ends the conflict, and resolves all core issues. The worrying lack of a political horizon serves neither Palestinians nor Israelis. Citing the absence of a framework for meaningful talks, and with Israeli settlement activity continuing and even intensifying in the reporting period, the Palestinians are now considering seeking decisions in the UN to advance their bid for a Palestinian state, while stating their continued commitment to a negotiated final status agreement to realize the two state solution. Israel opposes actions in the UN, stating that it will make negotiations for a two state solution more difficult to achieve.**

**Meanwhile, the Palestinian reconciliation accord announced in May has not been implemented. A transitional technocratic government capable of carrying forward a positive agenda in both Gaza and the West Bank within the framework of the Palestine Liberation Organisation's (PLO's) commitments, the positions of the Quartet and the Arab Peace Initiative has not been formed.**

**In light of these factors, the institutional achievements of the Palestinian state-building agenda are fundamentally constrained in realizing their full potential by the lack of an enabling political environment. The constraints on the existence and successful functioning of the institutions of a potential State of Palestine arise primarily from the persistence of occupation, the unresolved issues in the Israeli-Palestinian conflict and the Palestinian divide. In parallel the PA faces a fiscal crisis which, if it is not resolved could compromise the achievements realized and future progress.**

**This status quo is unsustainable and damaging to both parties to the conflict. While neither party may seek deterioration or conflict, prospects for confrontation either diplomatically or on the ground, increase in the absence of a credible political horizon.** It is the responsibility of the parties and the international community to show the necessary leadership, wisdom and flexibility to act with restraint and care in the period ahead, to prevent any deterioration of the situation, and to find a way back to a meaningful political process that offers genuine prospects of delivering a negotiated resolution of the core issues of the conflict and a viable State of Palestine living side-by-side in peace with a secure Israel.

It is a testament to the PA's efforts that performance on its state-building agenda has continued despite the profound and persistent political deadlock between the parties. Nevertheless, there have been signs of volatility and fragility on the ground.

**In the West Bank**, continuing efforts in the security sector combined with PA reforms and donor support, have helped make economic growth possible at a time of global financial crisis. However, the budget of the Palestinian Authority is suffering from an acute shortage of external support that has affected the PA's ability to pay salaries and meet other recurrent expenses. Moreover, despite previous measures by the Government of Israel (GoI) to facilitate economic activity, sustainable economic growth, development and stability in the West Bank remain fundamentally challenged by the persistent territorial fragmentation, including measures of occupation and the continued establishment of Israeli settlements – increasing violence between Palestinians and Israeli settlers is a concerning point of friction. **In Area C and East Jerusalem** in particular, the measures of occupation have contributed to increasing human rights and humanitarian concerns including restrictions on free movement, increased displacement and dispossession, as well as constraints to basic service provision to Palestinians, underpinned by inadequate and ineffective planning to respond to Palestinians needs.

Regarding **Gaza**, Hamas remains in *de facto* control. The GoI continues to implement a policy of closure. In this context, human rights, humanitarian, socio-economic and security challenges remain prominent sources of concern, and need to be addressed within the framework of Security Council Resolution 1860. Militant indiscriminate rocket attacks against Israel, weapons smuggling, as well as Israeli military operations in Gaza, underscore continuing security concerns facing civilian populations and the need for calm to be observed by all parties. The PA's ability to deliver government services in Gaza remains limited, while actions by the *de facto* Hamas authorities continue to raise concerns regarding respect for civil society liberties and human rights. Meanwhile, while important progress has been made regarding the import of goods and implementation of infrastructure projects, the resulting improvements are not sufficient to allow for the economic growth that will enable Palestinians living in Gaza to realize their full economic, social and political potential. Conditions for the civilian population in the Strip remain of concern. The UN continues to urge that the closure is lifted in the framework of Security Council Resolution 1860.

**Looking ahead, the PA's *Palestinian National Development Plan (NDP) 2011-2013*, has laid the basis for additional improvements in PA institutions, and the UN is aligning its programming as appropriate.** The NDP is predicated on three assumptions: completion of the building of state institutions by August 2011; the future emergence of a sovereign state; and the accelerated socio-economic development needed to secure a safe, stable and prosperous future for all Palestinians.

**With institutional achievements broadly recognized, a credible and realistic political horizon for a negotiated two state solution and the creation of a Palestinian State will be decisive for the full realization of the NDP. Progress is also essential to promote Palestinian reconciliation within the framework of the Palestine Liberation Organisation (PLO) commitments, the positions of the Quartet and the Arab Peace Initiative.**

**In addition to addressing the political challenges, the enablement of socio-economic development that redresses disparities throughout the occupied Palestinian territory (oPt) in the context of continued institutional consolidation is essential.**

Progress is important in three priority areas:

- **Continued and predictable external support from the donor community** directed to the PA and through complementary channels is key. In particular, it is critical to ensure that the PA's recurrent external financing needs in 2011 are immediately met. The IMF estimates the financing gap for the recurrent budget (excluding development projects) for the remainder of 2011 at about US\$300 million. A donors' conference held at the appropriate time will provide an opportunity for partners to reinforce support for the NDP;
- **Building on measures of facilitation in past years, additional, far-reaching measures by the GoI to roll back measures of occupation in a systematic and comprehensive manner are needed.** In addition, all parties to the conflict must act in accordance with international humanitarian law and international human rights law, including regarding protection of civilians. The GoI as occupying power must meet its obligation to protect and respect the rights of the Palestinian population; and
- **A recommitment by the PA to social development is important,** in line with the PA's Social Sector Strategic Objectives in the NDP which sees continuing improvements in and consolidation of social services, enables all Palestinians to participate in national development, and is articulated through a national social policy that helps to ensure that social equity and human rights drive the agenda for social change and development.

## I. PALESTINIAN STATE-BUILDING

1. In April 2011, UNSCO reported to the AHLC that in six areas where the UN is most engaged (Governance, Rule of Law and Human Rights; Livelihoods and Productive Sectors; Education and Culture; Health; Social Protection; and Infrastructure and Water), governmental functions of the PA were sufficient for a functioning government of a state. In the intervening five months, the PA completed implementation of the *Programme of the 13<sup>th</sup> Government*, consolidating state-building and further strengthening core institutions. Measured along these parameters, **governmental functions are now sufficient for a functioning government of a state.**
2. **The PA's state-building agenda has succeeded in laying the institutional foundations for realizing a Palestinian state over the past two years. Real security and economic gains in the West Bank have been made, benefitting both Palestinians and Israelis.** Palestinians have seen law and order return to the main West Bank cities in Areas A and B and Israelis have faced comparatively few acts of violence from the West Bank.
3. **The breadth and scope of PA improvements in institutional readiness continue to increase.** The training and deployment of thousands of PA Security Forces (PASF) continues, as does coordination with Israel, despite political tensions. Reflecting the PA's commitment to align with relevant treaties,<sup>2</sup> the PA has proactively worked to address the contamination of mines and unexploded ordnance through the establishment of a Mine Action Centre in the West Bank. Key infrastructure has continued to be promoted, including electrical substations in the West Bank. The PA's public financial management reforms continue to reflect prudent, transparent and accountable government functions overall; in particular, the single treasury account and the computerized commitment and control system allows for important improvements in expenditure control.<sup>3</sup>
4. **However, the PA faces a fiscal crisis which, if it is not resolved could compromise the achievements realized and future progress. It is critical to ensure that the PA's recurrent external financing needs in 2011 are immediately met.** The IMF estimates the financing gap for the recurrent budget (excluding development projects) for the remainder of 2011 at about US\$300 million.
5. **Reforms also encompassed improved provision of basic services, with pro-social budgeting, proactive policy reforms, and further efforts to support the Palestinian Social Protection Safety Net.** Though the PA's institutional reach remains limited in Area C, East Jerusalem and Gaza, these efforts provide the base of a modern social assistance programme that reflects the PA's commitment to meet the needs of the most vulnerable. It also demonstrates the PA's capacity to manage a complex but essential government function, including the streamlined targeting of assistance, which many established countries strive to achieve.<sup>4</sup> Furthermore, in order to address key drivers of vulnerability, the PA has integrated social justice policies into its social protection programming.<sup>5</sup>
6. **Despite progress achieved, remaining key constraints derive from the continued conflict and internal Palestinian divide.** The continuation of the occupation that began in 1967 and the unresolved issues of the Israeli-Palestinian conflict remain

primary limitations on the successful functioning of the institutions of a future state of Palestine. This, together with on-going Palestinian divisions, means institutional achievements of the Palestinian state-building agenda are fundamentally constrained by the lack of political progress.

7. **The gap is widening between enhanced institutional development and achievements in the West Bank on the one hand and a stalled political track on the other.** This discrepancy is not sustainable and risks unravelling achievements so far. A political process to achieve a negotiated two state solution must be revived in order to align with, and give a strategic horizon to, the state-building achievement. **Shoring up the achievements and enabling further progress requires a credible and realistic political horizon.** The parties must recommit themselves to this goal and strengthen their partnership with the objective of creating a solid basis for a negotiated two state solution. Quartet efforts to facilitate a way forward between the parties have not yielded progress to date.
8. **While a Palestinian reconciliation accord was reached in May under Egyptian auspices, progress has stalled and the Palestinian divide continues, resulting in a growing disconnect between Palestinians living in Gaza and many PA institutions that is felt more and more acutely as public services improve in the West Bank.** While the PA is heavily engaged through payment of salaries (including to approximately 60,000 teachers and health workers), support to independent institutions and the management of the crossings, the PA's ability to deliver government services to its people is limited. The UN continues to support efforts to achieve reconciliation within the framework of the commitments of the PLO, the positions of the Quartet and the Arab Peace Initiative.
9. **PA achievements to date do not represent an end point in the development process;** rather, they provide the strong basis for further progress, as outlined in the PA's National Development Plan (2011-2013) to secure equitable socio-economic development for all Palestinians. These efforts must be pursued in their own right and as part of the broader political agenda. This will require continuation of the pro-development efforts of the PA to-date and continued financial support from the international community. A donors' conference held at the appropriate time will provide an opportunity for partners to reinforce support for the NDP. Far-reaching steps to address the situation on the ground are also needed, so that gains in state-building are not lost and so that possibilities are kept open for more fundamental progress through political means.

## II. SITUATION ON THE GROUND

10. **The fragile situation on the ground during a period of political uncertainty has reflected increased volatility and little meaningful progress towards an environment that enables the PA's state-building project to realize its full potential.** Systemic constraints throughout the oPt remain of concern, with challenges most stark in areas where the PA's institutional reach is limited: Area C and East Jerusalem in the West Bank, and in Gaza. The status quo is unsustainable and the risk of a deterioration increases in the absence of far-reaching changes on the ground accompanied by a credible political horizon.

11. **Serious human rights and humanitarian concerns persist which are inextricably linked to the occupation and unresolved conflict, the continued Palestinian divide, and continued counterproductive actions by the *de facto* authorities in Gaza.** Concerns regarding children are particularly acute.<sup>6</sup> All parties to the conflict must act in accordance with international humanitarian law and international human rights law, including regarding the protection of civilians. The GoI as occupying power must meet its obligation to protect and respect the rights of the Palestinian population.
12. **The current situation is also undermining development efforts and sustainable economic growth.** In the first half of 2011, annual real GDP growth was 10% in the oPt, driven overall by PA reform efforts and public expenditure with donor backing, as well as continued expansion of the Gaza economy. Growth in the West Bank and Gaza has been confined to the non-tradable sectors; trade is fundamental to continued and sustainable growth.<sup>7</sup> In the West Bank, growth was at 4%, affected by continued volatility, constraints on private sector access to markets and reduced aid. In Gaza, growth was at 28%, starting from a low base and driven by sectors that are unable to provide a base for sustainable growth. Therefore, while the oPt economy continues to grow overall, and unemployment declined during the second quarter, such growth remains unsustainable. Furthermore, closer examination of the situation shows additional disparities throughout the oPt – both between the West Bank and Gaza, and between governorates.<sup>8</sup>
13. Efforts continue, to secure implementation of the package of measures agreed in February between the Israeli Prime Minister and the Quartet Representative, whose office will also report separately on these efforts.<sup>9</sup>
14. **Building on past reports to the AHLC, this section describes the situation in the West Bank and Gaza, and identifies areas where progress on the ground is possible.** Annex I to this report summarizes the UN's recommendations of immediate steps that can be taken to address the situation on the ground.

### **West Bank**

15. **Both parties are benefitting from the increased capacity of the PASF and their continuing efforts to maintain law and order and promote security in Area A towards meeting Palestinian Roadmap commitments.**<sup>10</sup> Palestinians have growing confidence in the level of security provided. Meanwhile, while noting that security concerns remain, IDF sources indicate that the level of Israeli troops in the West Bank is now at its lowest level for more than a decade. Security coordination between the PASF and Israeli security forces should be maintained and further developed, including through responsible and restrained actions in the context of legitimate nonviolent political protest. The PA must remain vigilant in dismantling militant cells and combating any efforts to launch attacks against Israel by elements operating from areas within its security control. Israel must respect PA security responsibilities and exercise maximum restraint in its security actions, including military incursions into Area A. Actions by all security forces must respect human rights and the rule of law.
16. **Though supported by gains made in the security sector and the investment and reforms of the PA, the economic growth in the West Bank over the past years continues to be constrained by Israeli policies which limit resource development and the operation of a free market.** Annual real GDP growth in the West Bank was at

4% in the first half of 2011.<sup>11</sup> This growth took place during a global economic slowdown, and was driven significantly by government spending with the support of donors. Growth has been affected by continued volatility, constraints on private sector access to markets and reduced aid, and as such remains fundamentally unsustainable.<sup>12</sup>

17. **A significant increase in settlement activity took place in the West Bank, in particular in East Jerusalem, since the AHLC last met, while there was also confiscation of private Palestinian land.**<sup>13</sup> On 16 August, the Quartet expressed its great concern at Israeli announcements which advanced planning for new housing units. Settlement activity deepens distrust and prejudices final status discussions; it also fundamentally constrains Palestinian development. Together with related Israeli security measures, they contribute to the territorial fragmentation of the West Bank. They also continue to be a key factor that affects Palestinian movement within and into the West Bank as well as access to land and resources.<sup>14</sup> **Israel should heed the calls of the international community and the provisions of international law, and fulfil its Roadmap obligations to cease all settlement activity, including natural growth, and dismantle outposts established since March 2001.**
18. **The Israeli Supreme Court ruled on 2 August that the State has to evacuate the illegal outpost of Migron within eight months.** This is welcome and the dismantlement of the settlement has started.
19. **Israeli settler violence is a source of growing friction in the West Bank and is a serious concern.** In particular, there have been incidents related to agricultural property, which undermine the livelihoods of already vulnerable Palestinian communities and incidents which have contributed to the displacement of Palestinians.<sup>15</sup> There was one Palestinian fatality – a 17 year-old – 59 Palestinian injuries, and damage to around 2,777 agricultural trees in over 109 incidents with Israeli settlers.<sup>16</sup> Acts of desecration of mosques occurred on four occasions in the West Bank during the reporting period, which were condemned by the Gol. Continued settler violence underscores the importance of enforcement of the rule of law by the Israeli authorities.<sup>17</sup>
20. **The reporting period also saw 14 incidents in which Israeli settlers were affected, including 15 injuries and one Israeli settler who was shot dead by PASF in the context of an uncoordinated visit to a Palestinian-controlled religious site in the West Bank.** On 29 August 2011, eight Israelis were wounded, three of them critically, when a Palestinian from the West Bank ran a car into and stabbed a group of youth and police in Tel Aviv, underscoring the continued existence of security threats that must be combated by action and cooperation by the parties.

### ***Movement and Access in the West Bank***

21. **Despite earlier and welcome progress in reducing obstacles, restrictions on movement and access continue to infringe on Palestinian rights, undermine livelihoods, have a serious impact on the economy, while ultimately contributing to an increased dependency on humanitarian aid.**<sup>18</sup> Israel cites security concerns and the need to ensure Israelis are protected from attacks for restrictions on Palestinian movement and access; the Palestinians note the strong correlation between measures in the West Bank and the existence and expansion of settlements, and the impact of Israeli measures on the population as a whole.

22. **The complex system of restrictions on freedom of movement within and in/out of the West Bank, including the Barrier, closure obstacles, bypass infrastructure, the Israeli settlement infrastructure, and residency/visitor permits,<sup>19</sup> continues to hinder Palestinian movement and obstruct access to land, resources and services, including schools.** Despite earlier easings of movement between Palestinian urban centres,<sup>20</sup> there has been no recent significant improvement in movement and access, including access to areas behind the Barrier (including East Jerusalem), to the Jordan Valley, and to land in the vicinity of settlements.<sup>21</sup>
23. Of particular concern, the route of the Barrier, most of which runs or is planned to run inside the West Bank contrary to the July 2004 Advisory Opinion of the International Court of Justice,<sup>22</sup> has created 'seam zones' between the Barrier and the Green Line; the associated access regime results in serious concerns related to services and access to land.<sup>23</sup> Despite recent measures that have reduced the number of communities inside closed areas, in line with rulings of the Israeli High Court of Justice, if the Barrier is completed along the approved route, 9.4% of the West Bank land will be cut off by the Barrier.<sup>24</sup> Meanwhile, the associated permit and gate regime is undermining rural livelihoods throughout the West Bank.<sup>25</sup>
24. **During the first half of 2011, the Gol issued an additional 5,250 temporary employment permits, 3,750 seasonal permits and 15,000 trader permits for Palestinians to access Israeli markets, designed to facilitate increased economic activity.<sup>26</sup>**
25. **In addition to the impact of movement and access constraints on civilians, citing security concerns, the Gol applies complex regulations on the movement of goods into and out of the West Bank, combined with special procedures at commercial crossing points between the West Bank and Israel, and Jordan.** The Gol and donors have invested in some physical improvements at crossings (more lanes, improved equipment, access roads), and the hours have been increased at some crossings. The Gol reports a 3% increase in the number of truckloads entering the West Bank through back-to-back crossings between the second half of 2010 and the first half of 2011, as well as a 40% increase in trade between the West Bank and Jordan.<sup>27</sup> These improvements lead to increased economic activity. However, the remaining constraints on trade continue to undermine wider private sector development and growth.<sup>28</sup>

### **Area C**

26. In Area C, which amounts to more than 60% of the West Bank territory and the only contiguous area, the Gol retains control over security as well as authority over planning, zoning and other aspects related to territory, as per the Interim Agreement (1995). Most of the land and resources within Area C are out of reach of Palestinians and the current situation allows for little Palestinian development.<sup>29</sup> **Israeli policies and practices in Area C of the oPt<sup>30</sup> – are affecting the daily lives of Palestinians and changing the demographic realities on the ground. This negatively impacts prospects for viable Palestinian statehood and severely inhibits effective development activities, while raising continued humanitarian and human rights concerns.**
27. **Planning is the basis for infrastructure development. However, Israeli-approved plans for Palestinians cover less than 1% of Area C, which impedes Palestinians**

**from obtaining permits for infrastructure development.**<sup>31</sup> Planning restrictions and other challenges to Palestinians' ability to obtain building permits hinders construction, including the repair and expansion of roads, schools, water systems, health care facilities and other infrastructure. Residents in Area C are often left with no other alternative than to move in order to meet basic needs or build structures without permits.

28. As part of the 4 February agreement between the Quartet Representative and the Israeli Prime Minister, the Gol agreed to 'fast track' permits for basic services. There have been encouraging results for construction works at 21 PA priority schools and clinics put forth under this agreement by the Office of the Quartet Representative (OQR) and the United States. The permitting process is proceeding faster than previously experienced by implementing agencies and largely in line with the timelines provided by the Gol.<sup>32</sup> During the reporting period, other permits were issued for key infrastructure outside of this package; the process continued to be lengthy and costly.
29. **Bold measures to reform the planning and permitting processes for all projects are necessary.** Currently, the prospects for effective development of communities within Area C, or for the Palestinian economy to benefit from the full productivity of this area, remain severely limited. Redesignation of areas is important for the contiguity and economic viability of Palestinian development and institutional efforts, and would send a powerful signal of serious efforts to ease measures of occupation and enable the broadening and deepening of Palestinian state-building efforts.
30. **Overall, the prevailing situation under Israeli administration in Area C has resulted in serious humanitarian and human rights concerns.**<sup>33</sup> The demolition of homes and other civilian property, lack of access to services, and protection concerns related to Israeli-Palestinian violence all lead to the displacement of Palestinians. Demolition of existing Palestinian structures – including those established without Israeli permits, which have been nearly impossible to secure in the past – is increasing at an alarming rate and is increasingly targeting livelihood and basic service structures.<sup>34</sup> More Palestinians lost their homes in Area C in the first half of 2011 than in either of the past two years; such demolitions and consequent displacement and dispossession have a devastating impact on livelihoods.<sup>35</sup> The demolition of schools in the past is particularly worrying. Furthermore, the highest food insecurity rates were also identified in Area C, amongst Bedouins and other herders who are suffering from drought, combined with decreased access to land.<sup>36</sup> **It is essential that the Gol, as occupying power, fully meet its obligations regarding protection and respect of the rights of the civilian population under occupation, in accordance with international humanitarian and human rights law.**
31. **The Humanitarian Country Team has developed a Humanitarian Response Plan for Area C to respond to a first set of basic humanitarian needs in education, water and shelter, which as yet has not been fully facilitated by the Gol.**<sup>37</sup>

### ***East Jerusalem***

32. **Since 1967 Israeli measures have purported to alter the status of East Jerusalem, contrary to international law and UN Security Council resolutions, and have increased the vulnerability of East Jerusalem Palestinians. The status of Jerusalem can only be resolved through negotiations.** The reporting period reflected a continuation of concerning trends in East Jerusalem: constraints on Palestinian

development and separation from the rest of the West Bank, along with Israeli settlement growth.

33. **While Israel continues to advance settlements in East Jerusalem, Palestinians' ability to plan and develop their communities remains heavily constrained.** Only 13% of the Israeli-annexed area of East Jerusalem is zoned for Palestinian development, much of which is already built up.<sup>38</sup> Lack of plans for Palestinian communities and difficulties in the planning process leads many to build without permits, leaving their structures subject to demolitions. In particular, there is a significant shortage of classrooms, which is bound to increase the number of children who are not enrolled in school. Between 21 April and 20 August, there were five demolitions of Palestinian structures which displaced 31 Palestinians, though there were no other evictions of Palestinians in East Jerusalem.<sup>39</sup> However, Israeli announcements of construction in Jewish settlements in East Jerusalem continued to undermine trust, making negotiations more difficult to resume and risking their outcome.
34. **Measures of occupation, including the Barrier, which the Gol asserts are necessary for security purposes, are increasingly cutting off East Jerusalem from the rest of the West Bank and the Gaza Strip, compounding the physical, political, economic, social and cultural separation of East Jerusalem.**<sup>40</sup> Measures implemented in East Jerusalem affect the residency status of East Jerusalem Palestinians and the access to essential medical and education services for all Palestinians. This alters the demographic composition of the territory, and cuts off this important hub from wider growth and development of the oPt.<sup>41</sup> Continued Israeli approval of the entry of dairy and meat products to East Jerusalem from the rest of the West Bank has been facilitated by improved veterinary services at those factories; reinforcing such linkages requires much greater facilitation given that East Jerusalem remains a key market for Palestinian goods.
35. **The status of residency rights for Palestinians in East Jerusalem is particularly worrying.**<sup>42</sup> Israeli policy has led to revocation of residency rights, an increased incidence of separated families and other humanitarian vulnerabilities, while threatening to undermine the Palestinian presence in East Jerusalem.
36. Palestinian institutions in East Jerusalem also remain closed by a renewed Israeli order, notwithstanding Israel's Roadmap obligations regarding reopening East Jerusalem institutions.

## **Gaza**

37. **Hamas remains in *de facto* control of Gaza following its June 2007 violent takeover of the Strip, and continues to reject basic principles of the peace process. The Gol continues to implement a policy of closure, which challenges the livelihoods and social fabric of Gaza's 1.5 million inhabitants. In this context, the situation in and around Gaza continues to be characterized by serious human rights, humanitarian, socio-economic and security concerns. The UN continues to seek the full implementation of Security Council Resolution 1860. A solution must be found within this framework that lifts the closure and ensures movement and access through the legitimate crossing points, while addressing challenges related to security, including weapons trafficking and a durable ceasefire.**

38. **The security situation between Israel and Gaza remains fundamentally fragile.** An uneasy calm is often challenged. Statistics are a powerful reminder of how unstable the security situation is: between 21 April to 04 September, there were 277 rockets and mortars fired from Gaza, killing one Israeli civilian and injuring 20. In the same period, Israel conducted 22 incursions and 78 airstrikes. These killed 18 Palestinian militants and injured a further 21 militants; however, 14 Palestinian civilians were killed and a further 158 civilians were injured.
39. Violence escalated in early April and in August. The latter escalation began on 18 August with terrorist attacks by militants entering from Egypt, targeting several civilian vehicles and one military vehicle near Eilat in Southern Israel. The coordinated attacks resulted in the death of eight Israelis, including two soldiers, and six civilians. Egyptian security personnel were also killed in the incident. Claiming that the attacks were linked to Palestinian militants based in Gaza, Israel conducted air strikes on Gaza, while Gaza militants indiscriminately fired rockets and projectiles into Israel. The Israeli air strikes damaged a range of civilian infrastructure.<sup>43</sup> The Secretary-General and the Quartet strongly condemned the terror attacks. They also expressed their concern at the risk of escalation and called for restraint from all sides.
40. Each episode of violence has required efforts to de-escalate and restore an uneasy and informal calm. UNSCO actively engaged in and supported these efforts. However, the underlying fragility of the situation remains of serious concern. **Militants must completely cease firing indiscriminate rockets and mortars or launching ground attacks into Israel. Acts of terrorism are unacceptable and endanger Israeli civilians. They also undermine efforts to create a more positive dynamic to protect and assist the civilian population of the Gaza Strip, and create serious risk of major conflict.** The *de-facto* Hamas authorities must control militant activity from the Gaza Strip, cease involvement in or condoning of the smuggling of illegal weapons, and cease inflammatory or extremist rhetoric. For its part, **Israel must show maximum restraint in addressing security threats from Gaza, while also ensuring that it acts responsibly in meeting the needs of Gaza's people and promoting moderation and an atmosphere of calm. All parties must comply fully with international humanitarian and human rights law.** The UN will continue to urge all parties to move towards a more durable ceasefire.
41. **The *de facto* authorities must also respect the civil and political rights of Palestinians in Gaza, safeguard the free and independent operations of NGOs and ensure respect for the work of the United Nations and its partners.** The 12 July decision to dissolve the non-governmental organization Sharek Youth Forum is of concern. Furthermore, a medical NGO in Gaza was reopened in August after it was closed because it refused to allow an in-house audit by the *de facto* authorities. The UN remains concerned over orders by the *de-facto* authorities that would require staff of civil society groups to register with them to travel outside of Gaza in their official functions, continuing limitations on the travel of students outside Gaza, and efforts which constrain the operational space of the humanitarian community.
42. The Secretary-General joined the Director General of the International Red Cross on the fifth anniversary of the continuing captivity of Israeli Staff Sergeant Gilad Shalit, in expressing his grave concern and called on Hamas to protect his life, treat him humanely and provide proof of life. The UN continues to call for his release and for the conclusion of negotiations that would involve the release of a significant number of Palestinian prisoners. Approximately 5,500 Palestinian prisoners remain in Israeli jails.

The UN continues to follow closely the situation of children and persons held without trial, and to urge the release of Palestinian prisoners to the Palestinian Authority.

43. **The PA has a comprehensive economic development strategy for Gaza,<sup>44</sup> continues to support some services and key infrastructure – including water, sanitation and energy – and continues to pay the salaries of PA employees in Gaza.** Pending the formation of a transitional technocratic government that encompasses Gaza and the West Bank and can carry forward the PA's programme within the framework of PLO commitments, the positions of the Quartet and the Arab Peace Initiative, the PA's institutional reach in Gaza continues to be limited. It would be important for an interim technocratic government to address integrated service delivery and begin to overcome challenges in supply management and ensure harmonization of standards, supporting Palestinians to benefit from effective social services and the PA's comprehensive development strategies.
44. **Gaza's infrastructure remains critically insufficient, due to previous damages, wear, and constraints on undertaking the necessary works.<sup>45</sup> In this regard, the Gol's approval of over US\$265 million in UN projects that require 'controlled materials' is welcome.** The approved works continue to have an important impact in Gaza – including establishment of decent shelter, construction of UNRWA schools, and supporting other infrastructure development, such as support to the Gaza Power Plant, water and sanitation networks and road construction. These works help improve the lives of Palestinians in Gaza and also contribute to the resumption of a once vibrant Gazan economy. Further improvement would result from the approval and completion of additional works – including for secondary schools to receive those graduating from UNRWA primary schools.
45. **The UN welcomed the 20 June 2010 policy decision by Israel, which partially lifted some import restrictions and led to an increase of imports, of most consumer goods.<sup>46</sup>** The number of truckloads that entered Gaza increased slightly over the reporting period, but the goods entering remain well below levels before the closure.<sup>47</sup> The increase in variety and volume of imports through the Israeli crossing since the 20 June decision, and proliferation of the tunnels, supported the limited activation of the private sector.<sup>48</sup> **Imports of raw materials and construction items for the private sector, which could enhance basic economic activity and help reduce unemployment levels and poverty, have not increased significantly through the legitimate crossings.<sup>49</sup>** In particular, due to stated security concerns, the key inputs for construction, aggregate, iron bar and cement (the 'ABC' of construction) are not made available to all of the private sector by Israel through the legitimate crossings; the revitalisation of the private sector can only be realized if they are able to access these goods. In August, the Gol approved a pilot mechanism promoted by the UN with the OQR, whereby the private sector could import construction materials for construction works at ten PA approved businesses, implemented with international supervision; when completed, this will be a welcome first step. Increasing amounts of these same materials are entering Gaza through the tunnels, empowering those who control smuggling at the expense of the legitimate commercial sector, which is not in the interests of either Israelis or Palestinians.<sup>50</sup> Furthermore, there are serious protection risks for civilians, including children, associated with the smuggling through tunnels.
46. **The United Nations continues to call for all assistance and legitimate goods destined to Gaza to be channelled through official crossings and established channels, as requested by the Quartet on 21 June 2010 and the Ad Hoc Liaison**

**Committee on 13 April 2011.** In this regard, we continue to urge action to combat smuggling of weapons.

47. **After the Gol closed Karni in February 2011, citing security concerns, Kerem Shalom crossing remains the only goods crossing with Israel.** Recent efforts to streamline the coordination of the entry of goods are welcome. However, channelling all goods through a single crossing has increased the cost of importing goods, including those for humanitarian purposes.<sup>51</sup> Furthermore, it is important that the capacity of the crossing, which the Gol and PA have increased up to 300 truckloads per day<sup>52</sup> – including opening a facility designated for the transfer of bulk aggregate – continues to meet the import needs of the private sector, for infrastructure works and for humanitarian goods, as well as for exports.<sup>53</sup> It is important to ensure that the coordination procedures are further streamlined to ensure that all of these categories of goods enter smoothly. There are also concerns that should this crossing be closed there is no immediate alternative, which leaves the population vulnerable to shortfalls in essential materials.
48. **Restrictions on the movement of people remain of serious concern.**<sup>54</sup> Overall, limited categories of people, and in controlled numbers, are able to travel to the West Bank via Israel. The Gol reports that the quota of daily permits for traders has been expanded from 70 to 100; while welcome, this should be significantly expanded.<sup>55</sup> Despite the Israeli commitment made in the June 2010 policy, to ‘streamline the movement of employees of humanitarian aid organisations’, the ability of UN national staff to travel in and out of Gaza has not improved since the announcement.<sup>56</sup> The Rafah crossing to Egypt was re-opened with conditions placed on movement. The UN welcomes that the Gol has reconciled the addresses in the Israeli ID system for 2,199 Gaza ID holders who currently reside in the West Bank. This supports improved residency status and is in line with the agreement to reconcile 5,000 addresses in the 4 February package of the Quartet Representative and Israeli Prime Minister.
49. **Following the 8 December 2010 announcement on the expansion of the number and range of exports permitted from Gaza, welcomed by the UN, a limited range and volume of agricultural products were exported to Europe.** Between November 2010 and May 2011, strawberries, flowers, peppers and cherry tomatoes were exported.<sup>57</sup> In July, the Gol authorized the export of potatoes to Jordan and exports of textiles and furniture to international markets, in line with the February agreement reached by the Quartet Representative and Israeli Prime Minister. Implementation of these measures depends on establishing new market linkages in these destinations. Furthermore, constraints on some necessary industry-related inputs prevent manufacturing of goods for export at scale. Overall, however, exports remain very limited, which will continue to constrain the positive impact on the economy of increased imports.<sup>58</sup> Traditional market linkages exist in the West Bank and Israel where the bulk of exports were previously destined, before the closure.
50. **Overall, the Gaza economy continues to expand (in the first half 2011 annual real GDP growth was at 28%), this growth – starting from a very low base, after falling 30% cumulatively between 2006-2009 – remains far from sustainable and is not benefiting all Palestinians living in Gaza.**<sup>59</sup> Indeed, the limited expansion of the productive base (e.g. the manufacturing sector) and falling wages, remains a fundamental challenge to future growth.<sup>60</sup> Furthermore, though agriculture remains an important contributor to recent GDP growth, 35% of Gaza’s farmland is totally or partially inaccessible due to Israeli military measures, undermining the full potential of

productivity in this important sector.<sup>61</sup> The Gol continues to cite security concerns as the reason for these restrictions. Though unemployment decreased from 39% in the second quarter of 2010 to 26% in the second quarter of 2011 – the lowest unemployment rate since the third quarter of 2000 – it is still very high and discouraged workers, underemployment, vulnerable employment, and low and stagnant wages remain issues of concern.<sup>62</sup> Youth unemployment also remains very high, which, coupled with a growing youth population, presents a worrying potential for instability.<sup>63</sup>

51. **The status quo, or only incremental improvements, cannot support effective economic growth nor enable Palestinians in Gaza to fulfil their potential.** The pivotal nature of remaining restrictions in Gaza has meant that recent easing measures have resulted in only limited improvements in people's livelihoods, which have been degraded due to over three years of closure.<sup>64</sup> Seventy-five percent of the Gaza population is dependent on humanitarian assistance, poverty continues to affect 38% of the population, and without social assistance, 48% of Palestinians living in Gaza would be below the poverty line. Gaza faces continued de-development and sustainable economic growth that contributes to equitable development remains severely constrained.
52. **To arrest the de-development in Gaza, a full lifting of the closure is needed, along with a substantial improvement in the security situation, in the framework of implementation of all aspects of Security Council Resolution 1860.** Further progress towards reconciliation within the framework of the PLO commitments, the positions of the Quartet and the Arab Peace Initiative, in a way that could ensure continued security cooperation in the West Bank, enhanced calm in southern Israel and Gaza, and prepare the way for elections and institutional re-integration, remains fundamental for Palestinians in Gaza to realize the full benefits of the state-building agenda.

### **III. WAY FORWARD**

53. **The PA has completed what it set out to achieve two years ago to prepare its institutions to be able to assume the responsibilities of statehood. This is a considerable achievement which should be recognized, preserved, and built upon.**
54. **The most crucial element in any successful strategy for doing so is a credible political horizon for the realization of a Palestinian State and the resolution of the Israeli-Palestinian conflict. Without this, the state-building agenda's ability to bring about far-reaching progress is now significantly constrained, and the risk of a deterioration of the situation is increasing.** It is disappointing that, to date, the parties and the international community have not been able to agree on a way forward that could help resume negotiations in an atmosphere conducive to their success. In the current impasse, the UN will continue to engage in diplomatic efforts to prevent deterioration of the political and security situation, while continuing to work with the parties and its regional and international partners in an effort to overcome the political stalemate. Such efforts can only succeed with the requisite wisdom, flexibility and commitment from the parties to restore confidence and strengthen their partnership with the objective of creating a solid basis for the two state solution.

55. We will also continue to work to promote Palestinian reconciliation within the framework of the PLO commitments, the positions of the Quartet and the Arab Peace Initiative, in a way that could ensure continued security cooperation in the West Bank, enhanced calm in southern Israel and Gaza, and prepare the way for elections and institutional re-integration.
56. At the same time, it is vital that neither the parties nor donors lose focus on the need to shore up the progress achieved by the PA. This requires continued progress in three areas:
57. **First, there are three mutually supporting revenue streams which must, at a minimum continue, to enable development efforts to be sustained and deepened.** Donor support and revenue transfers to the PA for recurrent budgetary expenditures – including salaries, pensions and social assistance – and for development spending, enables the PA to meet financial obligations. Due to the insufficient commitment of funds, and failure to fulfil pledges, the PA faces a serious financial crisis: only US\$390 million in external financing for recurrent budgetary needs, as of August, had been received, against a budgeted amount of US\$970 million for the year. Additional, predictable and timely donor support is essential to support the PA to meet its financial obligations in 2011. The UN also looks forward to an early donors' conference and pledges of support in line with the NDP 2011-2013 that charts the PA's plans for further development.
58. The Gol's continued regular transfers of VAT and clearance revenues collected on behalf of the PA, in line with international obligations, is of critical importance. These transfers must continue unhindered. Continued and effective coordination efforts and information sharing between the Israeli and PA Ministries of Finance, as agreed in the 4 February package between the Israeli Prime Minister and Quartet Representative Blair, are key to help ensure that the PA can benefit from all revenues that it is due on VAT and import taxes, and to pursue revenue enhancement measures.
59. Bilateral support enables the recovery and development efforts of the international community, including the UN, to complement the work of the PA in implementing the NDP.
60. The PA has endorsed the UN's Medium Term Response Plan 2011-2013, outlining an estimated US\$1.8bn in UN work currently being implemented, or to start by 2013, to support PA priorities in areas where the UN has a comparative advantage. When funding is secured, the UN-PA oPt Trust Fund would provide the UN readily available funding to support the full spectrum of UN recovery work in line with this Plan, including reconstruction activities in Gaza and other activities in the West Bank.
61. The Consolidated Appeal (CAP) for 2011, developed in full consultation with the PA, remains 43% funded, and requires an additional US\$304 million for the remainder of the year to meet urgent needs in Gaza and the West Bank, including East Jerusalem. Timely and adequate funding to the projects recorded in the CAP will help to prevent deterioration in the living conditions of Palestinians, particularly in vulnerable areas.
62. **Second, bold steps are essential to create a more enabling environment, and stem any further deterioration on the ground. There is no replacement for the political process; however much can be done immediately to address an increasingly concerning situation.**

63. Building on recommendations from the UN's previous reports to this committee, Annex 1 outlines immediate and achievable steps that can be taken to address the situation on the ground.

64. **Third, the PA's recommitment to continue to pursue social development, as in the NDP, is important.** In UNSCO's April report to the AHLC, the PA's basic service delivery and social development institutions were assessed as sufficient for a functioning government of a state. Continued improvements in the quality of PA service delivery and consolidation of social services in line with the NDP, and in a manner that enables all Palestinians to participate in national development is important. In particular, given constraints to equitable and sustainable economic growth as well as continuing chronic poverty, the PA's social safety net is essential, as are the complementary programmes and support of the international community.<sup>65</sup> Without social assistance, including cash assistance and food assistance, it was estimated that poverty would have reached 31% in 2010 across the oPt.<sup>66</sup> It is also important to bear in mind that a high proportion of the Palestinian population in the oPt are refugees, benefitting from the services and support of UNRWA.<sup>67</sup>

65. As national spending increasingly focuses on 'pro-growth' areas, it will be important to ensure that all sectors of society benefit. This objective can be best supported by the development of an Integrated National Social Policy which will help ensure that social equity and human rights are integrated across all sectors.<sup>68</sup>

## **Annex I: Recommendations to address the situation on the ground.**

The body of the report calls for action from a range of concerned actors on key political, security, development, human rights and humanitarian issues. This annex supplements the body of the report with a checklist of specific action items drawn also from previous reports which would help to address immediate humanitarian concerns and improve the situation on the ground.

### **Strengthening Partnership & Deepening Development**

1. Donors should increase their budgetary assistance, ensuring that predictable support is available to meet the PA's recurrent expenditure needs.
2. Donors are encouraged to support UN recovery and development efforts through the PA/UN oPt Trust Fund, including for Gaza and the West Bank, which will provide the UN flexible and readily available funding to support the full spectrum of UN recovery work, including reconstruction activities in Gaza and other activities in the West Bank complementing the work of the PA.
3. Donors are encouraged to continue to address humanitarian needs through the Consolidated Appeal (CAP).
4. The PA should build on reform efforts to date to secure further progress as outlined in the PA's National Development Plan 2011-2013.
5. The PA is encouraged to consolidate work in social development, in particular through an Integrated National Social Policy.

### **West Bank**

6. Israel should freeze all settlement activity, including natural growth, and dismantle settlement outposts erected since March 2001.
7. Israeli authorities should cease demolition of Palestinian structures in Area C and East Jerusalem, allow displaced persons to return and provide for their essential needs.
8. The PA should continue security efforts in Area A; security cooperation between the parties should continue to be developed; Israel should exercise maximum restraint, particularly regarding incursions.

#### ***Movement and Access***

9. In the context of continued security cooperation, further and more far-reaching steps to enable greater movement and access are needed.
10. The movement of civilians should be facilitated, including by removing checkpoints and obstacles that do not serve legitimate security purposes, to enable: movement within as well as in and out of the oPt, including East Jerusalem and the 'seam zones'; increased access for Palestinians to develop

land and resources; and to access essential services, such as education and health care.

11. Regarding the Advisory Opinion of the International Court of Justice on the Legal Consequences of the Construction of a Wall in the occupied Palestinian territory, the GoI should take heed of General Assembly Resolution ES-10/15, 2004 which, '[d]emands that Israel, the occupying Power, comply with its legal obligations as mentioned in the advisory opinion'; and calls upon 'all States Members of the United Nations to comply with their legal obligations as mentioned in Advisory opinion'.
12. Consistent with the Agreement on Movement and Access Israeli facilitation of the access to and development of land and resources within the Jordan Valley, as well as movement of people and goods into the Jordan Valley is important.
13. Increased areas currently designated as closed for military or other purposes, should be opened to Palestinian use by the Israeli authorities.
14. Further measures are necessary to improve the movement of goods through the crossings to enable exports, as well as the streamlined entry of inputs for manufacturing purposes. Barriers are important for the recovery of the tradable goods sectors in the oPt and for sustainable private-sector led growth.

### ***Area C***

15. The GoI should revise the zoning and planning regime and land administration in the West Bank to ensure that it addresses the needs of the local Palestinian population in a timely, fair and non-discriminatory manner.
16. In line with #15, the PA should continue to invest in land management, building on the 2008 National Land Policy Framework and continue to support the development of a regional land-use/spatial plan for the entire West Bank.
17. The international community should support Palestinian planning efforts for Area C communities, as well as broader development efforts in Area C, in line with PA priorities, including the NDP.
18. The GoI should make bold changes to the administrative system that controls Palestinian construction to ensure that infrastructure on a scale that meets developmental need is enabled expeditiously.
19. The humanitarian community must be allowed and able to respond to basic humanitarian needs in Area C in accordance with the humanitarian imperative, without fear of prosecution or other retribution to either agencies or beneficiaries by the Israeli authorities.

### ***East Jerusalem***

20. The GOI should end the revocation of the residency status of Palestinian residence of East Jerusalem, restore the residency of those whose status has been revoked and renew the family unification process for mixed residency status couples and register their children.

21. Palestinian planning and zoning should be prioritized, with effective participation of Palestinians, to meet the current and future needs of Palestinian communities.
22. Safe and predictable access to adequate schools in sufficient numbers and specialized hospitals in East Jerusalem should be afforded for all Palestinians from the rest of the West Bank and Gaza.
23. Increased access for people and goods between East Jerusalem and the rest of the oPt should be afforded to ensure access to this economic hub.

## **Gaza**

24. All parties should take steps to facilitate implementation of Security Council Resolution 1860 in all its aspects, including combating smuggling, the full opening of legitimate crossings, and a durable ceasefire.
25. Calm must be maintained. Militant rocket attacks must cease. Israel must exercise maximum restraint. All parties must respect international humanitarian and human rights law.
26. Further easing of the movement of additional categories of people into and out of Gaza, including to the West Bank, should be facilitated by the Gol.
27. The Gol should allow the import of all construction materials – particularly aggregate, iron bar and cement (the ABC of construction) for use by Gaza's private sector.
28. Exports should be facilitated from all sectors, from the Gaza strip to foreign countries, and the transfer of such goods to the West Bank should be enabled, including those financed by the UN.
29. Restrictions on the access of civilians to areas of Gaza's land and sea should be eased by Israeli authorities to the fullest extent possible.
30. The Gol should approve further international projects that require 'controlled materials', building on US\$265 million in approvals in just over a year.
31. Capacity, processes and procedures at the land crossings must also enable work at scale as well as the crossing of other humanitarian goods as well as imports and exports for the private sector.
32. The free and independent operations of NGOs and respect for the work of the UN and its partners must be safeguarded.

<sup>1</sup> The six areas are: Governance, Rule of Law and Human Rights; Livelihoods and Productive Sectors; Education and Culture; Health; Social Protection; and Infrastructure and Water.

<sup>2</sup> Such as the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (Ottawa, 1997) and the Convention on the Destruction of Cluster Munitions (Berlin, 2009).

<sup>3</sup> The Public Financial Management strategy includes, inter alia, development of the tax revenues and Palestinian customs, which will increase customs, VAT and income tax revenues (by 8%, 12%, and 15% respectively); strict employment policies to control hiring and the wage rate, implementation of the public procurement law by an independent agency, better reporting of development expenditures and external financing for projects, to enabling planning, and a shift towards performance budgeting.

<sup>4</sup> In May the PA Ministry of Social Affairs adopted a business strategy which will help in the implementation of the social safety net.

<sup>5</sup> For example, the PA has developed the National Child Protection Action Plan and the National Strategy for Violence Against Women.

<sup>6</sup> Children are particularly affected by the continued conflict and continue to suffer from grave violations such as killings and injuries, ill-treatment during arrest and detention and displacement. A key concern is the increase in violations affecting children in Gaza; in the West Bank, children suffer from the impacts of incursions and of an increase in demolitions. Israeli children also suffer injuries from the actions of militant groups in Gaza. Security Council Resolution 1998 (July 2011) calls on all parties to armed conflicts to comply strictly with the obligations applicable to them under international law for the protection of children in armed conflict. See a summary of the threats of killing, injury, poverty, displacement, detention, psychological distress and low learning achievements as documented in the Children and armed conflict Report of the Secretary-General, A/65/820-S/2011/250, 23 April 2011. <http://www.un.org/children/conflict/documents/S2011250.pdf>

Obligations under international law include those contained in the Convention on the Rights of the Child and its Optional Protocol on the involvement of Children in armed conflict, as well as the Geneva Conventions of 12 August 1949 and their Additional Protocols of 1977.

<sup>7</sup> World Bank, 'Building the Palestinian State: Sustaining Growth, Institutions and Service Delivery,' April 13 2011. P. 9; UNCTAD, Report on UNCTAD assistance to the Palestinian People: Developments in the economy of the occupied Palestinian territory, 15 July 2011, TD/B/58/4. UNCTAD notes that recent GDP growth is not a sign of sustainable recovery 'but rather a sign of an economy operating from a low base, given the economic regression of the last decade and an ongoing de-industrialization process'. p. 2

<sup>8</sup> GDP per capita was \$ 382: US\$467 in the West Bank and US\$255 in Gaza during the first quarter.

As in *ibid*, UNCTAD, p. 3: Real GDP per capita in Gaza was less than half of the West Bank level in 2010.

According to the WFP/FAO Socio-economic and Food Security Survey, 2010, within the West Bank, food security rates at household level vary significantly.

See: <http://www.apis.ps/documents/SEFSec%202010%20Final.pdf>: 'Food insecurity in the North West Bank increased from 23% to 24%, and increased from 25-26% in the South West Bank, but declined by 7% in Central West Bank. In the West Bank, 'the localized economic improvement in some of governorates, changes in the closure regime witnessed between 2009 and 2010 as well as the PA reforms, all contributed to the overall improvement in the level of food security. The findings of variability throughout the West Bank confirm that the consumer-led economy, based on government spending with the support of external assistance, seems to benefit the Middle West Bank directly, as indicated in the decrease in the prevalence of households classified as food insecure. The same positive trend did not register in the North and South West Bank given that those regions rely more on a productive economy (i.e. manufacturing industries, agriculture). In fact, the situation has slightly worsened in these areas.' The North West Bank includes Qalqiya, Nablus, Jenin, Tulkarm, Tubas and Salfit governorates. The Middle West Bank includes Ramallah, Jericho and Jerusalem governorate excluding the annexed area. South West Bank includes Hebron and Bethlehem governorates.

According to the Palestinian Central Bureau of Statistics (PCBS): Unemployment decreased from 21% in the first quarter to 19% overall, and decreased from 17% to 15% in the West Bank and from 31 to 26% in Gaza, still one of the highest rates in the world.

Variability in unemployment rates during the second quarter overlap in part with the areas where food insecurity had also not improved in 2010: the governorates with the lowest unemployment rates are Tubas, Nablus, Jericho and Jerusalem – the last two governorates are in the Middle West Bank category where food insecurity has improved; the highest unemployment rates were in Tulkarem, Qalqiya, Bethlehem and Hebron, which are all included in the North and South West Bank categories where food insecurity has not improved.

<sup>9</sup> See: <http://www.tonyblairoffice.org/quartet/news-entry/package-of-measures-agreed-between-the-government-of-israel-and-the-quartet/>. 'Package of Measures Agreed Between the Government of Israel and the Quartet Representative.'

<sup>10</sup> During this reporting period, the Palestinian Civil Police has continued to receive European (EUPOL COPPS) assistance in the areas of criminal justice and the rule of law. Meanwhile, the 8th battalion of Palestinian Security Forces has departed to Jordan to receive training with international assistance. Upon their return to the West Bank they are expected to join forces with the other seven battalions of Palestinian Security Forces currently deployed in Hebron, Jenin and Nablus.

<sup>11</sup> As compared to the first half of 2010.

<sup>12</sup> For example, the slow-down in the first half was due to a slowing of the construction boom. The service sector comprises the largest sector in the economy, this is an unsustainable base.

<sup>13</sup> During August the Ministers of Defense and Interior announced the development of a total of 5,125 new housing units in the East Jerusalem settlements of Har Homa, Pisgat Ze'ev, Ramat Shlomo, and Givat Hamatos, and 277 new housing units in the West Bank settlement of Ariel. The Ministry of Defense approved an additional 294 units in the settlement of Beitar Illit during June. Of particular concern was Israel's confiscation of 19 hectares of private Palestinian land in June in the village of Karyut. An outpost, illegal even under Israeli law, is located on that land. This departs from Israeli public

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undertakings not to build new settlements or set aside land for new settlements, and sets a worrying precedent for the further legalization of outposts

<sup>14</sup> For example: 'The protection of Israeli settlements throughout the West Bank, including in East Jerusalem, is one of the main factors determining the route of the Barrier and its deviation from the Green Line. The major settlements are encircled by the Barrier, including the Shomron bloc, Ariel, Giv'at Ze'ev, Ma'ale Adummim and the Gush Etzion settlement bloc. 71 of the 150 settlements in the West Bank, including all the settlements in East Jerusalem, are now included on the Israeli side of the Barrier.' OCHA, 'Barrier Update. Seven years of the Advisory Opinion of the International Court of Justice on the Barrier: the Impact of the Barrier in the Jerusalem Area'. July 2011. P.4

As reported by the Office for the Coordination of Humanitarian Affairs (OCHA): A large number of the settlements include within their outer limits agricultural land owned and cultivated by Palestinians, to which access for the past decade has been either heavily restricted or totally prevented. Access to agricultural land in the vicinity of settlements has not only been limited by physical barriers (barbed wire, electronic fences and/or patrol roads) but by means of systematic intimidation by Israeli settlers. Following a landmark judgment issued by the Israeli High Court of Justice in 2006, the Israeli authorities began to gradually expand the "prior coordination" regime to agricultural areas where settler intimidation was recurrent. This type of coordination, designed to allow the prior deployment of Israeli forces to secure the area while farmers work, is implemented mostly during the olive harvest season, rendering access at other times uncertain and dangerous. This regime not only puts the onus to adapt to the access restrictions on the Palestinian farmers, rather than on the violent settlers, but it has also proven largely ineffective in preventing attacks against trees and crops, most of which occur outside the times allocated through the coordination process. During the last olive harvest season, over 3,700 olive trees were burned, uprooted, killed with chemicals or otherwise vandalized.

<sup>15</sup> In late July, 19 Bedouin families, comprising around 127 people, residing in Al Baqa'a community near the Ma'ale Mikhmas settlement (Ramallah governorate) dismantled their residential tents and moved to another location in the Ramallah area due to fear of settler violence and intimidation, after an assault carried out on 19 July resulted in the injury of three children.

<sup>16</sup> This is a slight increase compared to the previous four months.

<sup>17</sup> The 6 April decision that stipulated investigations by Military Police Investigation Unit for all incidents where Palestinians citizens are killed by Israeli forces in the West Bank is welcome. Additional measures which help to further reduce any potential for impunity in all cases of violence are important. See OCHA Humanitarian Monitor, April 2011 for a description of the continued potential for impunity given shortcomings in the operational inquiry system for cases that remain outside of the 6 April measure.

<sup>18</sup> Ibid. FAOWFP, 2010.

<sup>19</sup> Restrictions on freedom of movement within the West Bank include a complex system of 1) over 500 manned and unmanned checkpoints, roadblocks, earth mounds and other closures; 2) a system of bypass roads and tunnels that control and divert Palestinian traffic and transport; 3) restrictions related to Israeli settlements and settlement outposts; and 6) a complex system of restrictive residency and visitor permits.

<sup>20</sup> There were a number of measures implemented in mid-2009 to ease movement between major Palestinian population centres.

<sup>21</sup> Between July 2010 and July 2011, there was a slight increase overall in the number of obstacles, particularly in the southern West Bank. OCHA field teams documented and mapped 523 obstacles blocking internal Palestinian movement and access throughout the West Bank as of the end of June 2011. These include 62 permanently staffed checkpoints (excluding checkpoints on the Green Line), 25 partial checkpoints (staffed on an ad-hoc basis) and 436 unstaffed physical obstacles, including roadblocks, earthmounds, earth walls, road gates, road barriers, and trenches.

The total of 523 obstacles represents a net increase of 19 obstacles, or nearly four percent, compared to the equivalent figure recorded in July 2010 (504). This increase was the result of the removal of 79 obstacles, alongside the installation of 98 new ones at other locations. The larger increase was recorded in the southern West Bank, where a net increase of 12 obstacles was recorded during this period.

<sup>22</sup> The International Court of Justice, in a 2004 advisory opinion held that Israel was 'under an obligation to cease forthwith construction of the wall being built in the oPt...to dismantle forthwith the structure therein' and 'to make reparation for all damage caused by the construction of the wall in the oPt, including in and around East Jerusalem'.

<sup>23</sup> Ibid. OCHA, Barrier Report. 2011. P. 3 Regarding 'seam zones', OCHA notes that: 'Around 6,500 Palestinians currently reside in the closed area between the Green Line and the Barrier, the so called 'Seam Zone', with those aged 16 and above required to apply for 'permanent resident' permits to continue to live in their own homes. Residents have to pass through Barrier checkpoints to reach workplaces and essential services, and to maintain family and social relations on the 'Palestinian' side of the Barrier. If the Barrier is completed as planned, approximately 25,000 West Bank Palestinians will reside between the Barrier and the Green Line. The majority of Palestinians who hold East Jerusalem ID cards will also reside between the Barrier and the Green Line.'

<sup>24</sup> Ibid. OCHA, Barrier Report. 2011 p. 8. On 5 April 2011, the Israeli High Court of Justice (HCJ) accepted the State Attorney's position that the 'seam zone' regime fulfills legitimate security needs and that the restrictions on Palestinians stemming from it are proportional.

Though the HCJ continues to conclude that the Barrier serves legitimate security concerns, between July 2010 and July 2011, new Barrier construction has primarily focused on re-routing the Barrier to decrease the impact on Palestinians, as ordered by the HCJ. Currently underway is a revision of the route around Khirbet Jubara (population approx. 300) in the Tulkarm governorate, as a result of an Israeli HCJ decision following a petition submitted by the residents, demanding the dismantling of the Barrier separating the village from the rest of the West Bank.

On 23 June, the Israeli authorities, as ordered by the Israeli Supreme Court, began re-routing a section of the barrier near Bil'in, giving residents access to less than half of the agricultural land behind the Barrier. The re-routing provided access to an additional 1,020 dunums of agricultural land, while still depriving villagers of another 1,280 dunums.

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Due to measures to re-route the Barrier, the number of people living in the closed areas decreased from approximately 10,000 in 2003 to 6,500 by July 2011.

However, a 22 August decision regarding Walajeh will enable construction of the Barrier on a route that risks encircling the village and cutting it off from free access both from East Jerusalem and from the rest of the West Bank.

<sup>25</sup> Ibid. OCHA Barrier Report. July 2011. P. 4. OCHA notes that: 'Palestinians accessing land in the closed area between the Barrier and the Green Line – the 'Seam Zone' – are now obliged to use a priori coordination mechanism or apply for 'visitor' permits. Access through the Barrier is channeled through 66 designated gates the majority of the gates only open during the olive harvest season and usually only for a limited period during the day. Farms must return from the Seam Zone before the gate is locked for the day in the late afternoon.

<sup>26</sup> Government of Israel, Coordinator of Government Activities in the Territories, 'Israeli Measures Taken During 2011 In Support of the Palestinian Economy.' August 2011. 1,250 new agriculture permanent permits distributed; 4,000 new construction permits approved; and regular distribution of 3,750 seasonal agriculture permits.

<sup>27</sup> Ibid, CoGAT. August 2011.

<sup>28</sup> Ibid UNCTAD: 'The restrictions imposed on the movement of goods to/from/within the West Bank and Gaza have stifled the emergence of an export sector capable of contributing to economic development. Steady access to global markets at normal cost is not only of critical importance to Palestinian economic development, this is actually a precondition for such development to take place. The small size of the oPt market implies that improvements in living standards cannot be achieved without building a dynamic, high-value-added export sector.' p. 6

The ability to containerize shipments for exports or ship door to door, for example, would decrease breakage and significantly lower shipping costs. While some high volume merchants have been able to negotiate special provisions for their shipments that ease movement of goods, these arrangements are largely ad hoc and not available to smaller companies.

During Q2 2011, 77.3% of Palestinian owners of exporting enterprises in the West bank indicated that 'closing entries' was the primary constraint to exports. As in a survey of perceptions of the owners and manager of industrial enterprises. PCBS, Survey of the Perceptions of the Owners / Managers of Active Industrial Enterprises Regarding the Economic Situation. Second Quarter 2011. [http://www.pcbs.gov.ps/Portals/\\_pcbs/PressRelease/IndusEnteQ2\\_2011e.pdf](http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/IndusEnteQ2_2011e.pdf) Indeed, growth in the manufacturing and tradable goods sectors – which would be the drivers of sustainable, private-sector led growth -- remains weak (manufacturing decreased by 2.5% compared to the Q1 2010), due in large part to restrictions on movement and access.

In addition to the physical constraints, the regulatory restrictions on importing a wide range of essential manufacturing inputs continues to stifle private sector development. Agriculture, industry, and information communication technology (ICT) are particularly affected by the so called "dual use" restrictions that involve a time consuming and opaque permitting process. According to PCBS, In May, 93% of imports to the oPt were from Israel, whilst 67% of exports from the oPt were destined for Israel. The trade deficit was US\$328.7 million in May.

<sup>29</sup> See OCHA, 'Special Focus, Restricting Space: The Planning Regime Applied by Israel in Area C of the West Bank.' Seventy percent of Area C is slated for Israeli settler use or Israeli military use. [http://www.ochaopt.org/documents/special\\_focus\\_area\\_c\\_demolitions\\_december\\_2009.pdf](http://www.ochaopt.org/documents/special_focus_area_c_demolitions_december_2009.pdf)

There are approximately 150 Palestinian communities located entirely in Area C with an estimated population of 150,000. Approximately 300,000 Israeli settlers also currently live in Area C, while the planned expansion area of the approximate 135 Israeli settlements is nine times larger than their built-up area. B'Tselem as in, 'OCHA Humanitarian Factsheet on Area C of the West Bank,' July 2011. [http://www.ochaopt.org/documents/ocha\\_opt\\_Area\\_C\\_Fact\\_Sheet\\_July\\_2011.pdf](http://www.ochaopt.org/documents/ocha_opt_Area_C_Fact_Sheet_July_2011.pdf)

<sup>30</sup> The Israeli Civil Administration administers planning and building for both the Palestinian and Israeli settler population in Area C; the contrast between the two communities' participation in, and extent of, the respective planning processes is stark. See OCHA, Special Focus, Restricting Space: The Planning Regime Applied by Israel in Area C of the West Bank,' 2009, for a full description of the planning regime and other factors that limit access to land and resources. [http://www.ochaopt.org/documents/special\\_focus\\_area\\_c\\_demolitions\\_december\\_2009.pdf](http://www.ochaopt.org/documents/special_focus_area_c_demolitions_december_2009.pdf)

<sup>31</sup> See also, OCHA, Special Focus, Displacement and Insecurity in Area C of the West Bank,' July 2011. [http://www.ochaopt.org/documents/ocha\\_opt\\_area\\_c\\_report\\_august\\_2011\\_english.pdf](http://www.ochaopt.org/documents/ocha_opt_area_c_report_august_2011_english.pdf)

<sup>32</sup> At the time of writing two permits have been issued and the facilitation of major renovation works allowed for the complete overhaul of two clinics with works underway at another two sites. The processing of permits for the remaining 15 sites remains on track.

<sup>33</sup> See OCHA. 'Humanitarian Factsheet on Area C of the West Bank,' July 2011 which provides a summary of the key humanitarian concerns in Area C. [http://www.ochaopt.org/documents/ocha\\_opt\\_Area\\_C\\_Fact\\_Sheet\\_July\\_2011.pdf](http://www.ochaopt.org/documents/ocha_opt_Area_C_Fact_Sheet_July_2011.pdf)

<sup>34</sup> Between 21 April-20 August there were 191 demolitions; between 21 December-20 April there were 160 demolitions; between 21 April- 20 August 376 Palestinians were displaced and 520 affected (including 502 children); Between 21 December-20 April 267 Palestinians were displaced and 856 affected ( including 487 children). Between 21 April- 20 August 58 residential structures were demolished; between 21 December - 20 April 62 residential structures were demolished; between 21 April-20 August 19 cisterns/wells were demolished; between 21 December-20 April 12 were demolished; between 21 April-20 August 114 other livelihood structures were demolished; between 21 December-20 April 86 were demolished.

<sup>35</sup> Displacement has serious immediate and longer-term physical, socio-economic and emotional impact on Palestinian families and communities. It deprives the family of its main asset, the home, and frequently results in disruption of livelihoods, reduced standard of living and limited access to basic services such as water, education and health care. The impact on children can be particularly devastating.

See also, Ibid OCHA, 'Special Focus, Displacement and Insecurity in Area C of the West Bank,' 2011: 'research, based on field visits to 13 communities in Area C, found that in most of these communities Palestinian families are being forced to leave due to restrictive policies and practices of the Israeli authorities, including movement and access restrictions,

settlement activity, and restrictions on Palestinian construction. The research also highlights how these policies are undermining traditional livelihoods in these communities and placing thousands of others at risk of displacement.'

<sup>36</sup> UNRWA, WFP, UNICEF, 'Food Security and Nutrition Survey for Herding Communities in Area C,' February 2010. [http://www.wfpal.org/\(S\(zpauug3dvuwuhup3mftrxlzn\)\)/Foodsec/Joint%20HH%20Baseline%20Survey%20.pdf](http://www.wfpal.org/(S(zpauug3dvuwuhup3mftrxlzn))/Foodsec/Joint%20HH%20Baseline%20Survey%20.pdf).

Food insecurity was recorded at 55% among the 27,500 Bedouin and other herders living in Area C. Consecutive years of dry weather combined with deteriorated range lands have put at risk the sustainability of the herding livelihood of marginalized communities (herders and Bedouins). Water scarcity and high food prices have pushed these people into a deep cycle of indebtedness and increased the risk of livelihood erosion.

As in Ibid, OCHA, Special Focus: Displacement and Insecurity, 2011: 'Bedouin and other herders consistently reported reduced herd sizes and farmers reported deteriorated access and ability to cultivate agricultural land.'

Furthermore, as in the Security Council Briefing, 25 August, 'The intention of Gol to relocate some 2,300 Bedouins living in Area C is also worrying. The land where this Bedouin community lives has been allocated for the construction and expansion of the Ma'ale Adumim bloc of settlements.'

See also, OCHA Press Release, 'Spate of Demolitions Threaten Bedouin Communities Near Jerusalem', July 2011. [http://www.ochaopt.org/documents/ochaopt\\_press\\_release\\_21\\_07\\_2011\\_english.pdf](http://www.ochaopt.org/documents/ochaopt_press_release_21_07_2011_english.pdf): 'Some 20 Bedouin communities, with a combined population of 2,353, two-thirds of them under 18, live in [the] area in the Jerusalem periphery. Over 80 percent of the communities are now at risk of displacement, due to the expansion of the Ma'ale Adumin settlement and the planned route of the Barrier.'

<sup>37</sup> See OCHA Factsheet on the Humanitarian Response Plan for Area C: [http://www.ochaopt.org/documents/ocha\\_opt\\_area\\_c\\_humanitarian\\_response\\_plan\\_fact\\_sheet\\_2010\\_09\\_03\\_english.pdf](http://www.ochaopt.org/documents/ocha_opt_area_c_humanitarian_response_plan_fact_sheet_2010_09_03_english.pdf)

<sup>38</sup> See OCHA, Special Focus: East Jerusalem, Key Humanitarian Concerns, March 2011. P. 29.

The Gol Ministry of Justice has previously indicated that outline plans are under development to meet Palestinians' needs. According to Ir Amim, in July the proposed Town Plan Scheme from the Palestinian residents of the Bustan area of Silwan was rejected by the Jerusalem Local Planning and Building Committee after a year of consideration.

<sup>39</sup> 21 April – 20 August demolitions: five structures (four residential/four self-demolitions), displacing 31 people and affecting 24 more (including 34 children displaced or affected) as compared to, 21 December - 20 April demolitions: 11 residential structures and 11 non-residential structures, displacing 59 people and affecting 37 more (48 children displaced or affected).

<sup>40</sup> Ibid. OCHA, Barrier Report. 2011. By diverging from the municipal boundary, the Barrier has left some 1,600 West Bank residents isolated on the 'Jerusalem' side. This category consists of approximately 16 communities of mixed West Bank and Jerusalem ID card holders, (combined total 2,500). Most of these communities are small, often consisting of a few households, although Al Khalayleh (population, approx. 700) and An Nabi Samwil (population, approx. 250) are more sizable Area C communities, stranded on the 'Jerusalem' side by the Barrier's encirclement of the Gi'at Ze'ev settlement bloc. Many contain 'mixed' households of Palestinians holding either West Bank or East Jerusalem ID cards.

Ibid, UNCTAD. Economic divergence from the rest of the occupied territory has entailed a high incidence of poverty among Palestinians in Jerusalem, as compared to Israelis living in the city. P. 13

<sup>41</sup> Historically, East Jerusalem has been the centre for specialized medical care, university education, economic activity, social and family relations and worship at Muslim and Christian holy sites for the entire Palestinian population.

<sup>42</sup> Most Palestinians are 'permanent residents'. Such residency – which is not automatically transferred to immediate family members -- has been revoked for approximately 14,000 East Jerusalem Palestinians between 1967 and 2010. Palestinian residents for the remainder of the oPt have only been able to reside in East Jerusalem through a 'family unification' process, while entry to East Jerusalem requires a permit. As in: OCHA, 'East Jerusalem, Key Humanitarian Concerns,' March 2011.

<sup>43</sup> Including schools, the office of the Coastal Municipal Water Utility as well as the newly built sewage pumping station which was intended to serve 130,000 people.

<sup>44</sup> PA Ministry of Economy, Gaza Economic Strategy, March 2011.

As per PCBS Labour Force Statistics: Underemployment remains an issue and 'vulnerable employment' has increased significantly since mid-2010, as seen by a higher proportion of unpaid family workers and self-employed workers in total employment.

<sup>45</sup> See OCHA Fact Sheet, Humanitarian Situation in the Gaza Strip, July 2011. [http://www.ochaopt.org/documents/ocha\\_opt\\_gaza\\_fact\\_sheet\\_july\\_2011.pdf](http://www.ochaopt.org/documents/ocha_opt_gaza_fact_sheet_july_2011.pdf). 50-80 million litres of raw and partially treated sewage are dumped in the sea each day; over 90% of the water from the Gaza aquifer is undrinkable and 85% of schools in Gaza run on double shifts.

<sup>46</sup> Ibid. CoGAT. The Gol reports that 49% of the goods now entering Gaza are comprised of those approved after the June 2010 policy change..

<sup>47</sup> Truckloads that entered Gaza (24 April-30 July): 13,900; of which food: 49 per cent. Main types of goods: food, hygiene materials, agricultural materials, electric appliances, medical supplies and construction materials. Truckloads that entered in the previous three months (or from 16 Jan-23 Apr): 12,385. The weekly average in 2007 prior to the closure was 2,807.

<sup>48</sup> Ibid. CoGAT. The Gol reports that between June 2010 to June 2011, there was a 66% increase in imports for the private sector.

<sup>49</sup> See World Food Programme Report, occupied Palestinian territory: 'Changes on Gaza Market and Household Conditions following Israel's 20 June 2010 New Access Regime,' June 2011. <http://www.wfp.org/content/occupied-palestinian-territory-gaza-eased-or-un-eased-june-2011>. p. 6

<sup>50</sup> Goods entering through the tunnels are approximating in price and in quality what is available to international actors via the legitimate crossings..

<sup>51</sup> WFP and UNRWA estimate an additional annual costs of US\$2m each, OCHA, Humanitarian Monitor, May 2011.

Ibid. CoGAT. The Gol reports that, 'wheat, animal fodder and raw materials for construction are now brought into the Gaza Strip on a daily basis, as opposed to twice a week when Karni Conveyor was operating.'

<sup>52</sup> Israel committed to expand the Kerem Shalom crossing capacity to 400 truckloads per day by the second half of 2011.

<sup>53</sup> The capacity of the crossings is less than 2/3 the capacity before the closure for imports. Ibid, WFP, June 2011.

<sup>54</sup> According to the WHO Monthly Report on Referrals of Patients from the Gaza Strip, July 2011: between Jan – through July 88.5% of permit applications for referral were approved, 2.5% were denied, or not approved in time, and 9.0% were delayed; this reflects a slight improvement in approvals as compared to the same period in 2010; however, denials and delays continue to be of serious concern -- three patients died before receiving permits to travel through Erez crossing to access the hospital they had been referred to.

<sup>55</sup> Ibid. CoGAT.

<sup>56</sup> In the 6 month period of Jan-Jun 2010, before the announcement, 76% of UN national staff who applied for permits to leave or enter Gaza, were approved to do so, with an average of 64 national staff applying each month. In the 6 months from Jul – Dec 2010, immediately after the announcement, the approval rate dropped to 63% and because approvals were less forthcoming, the number of people applying dropped to a monthly average of 43. In the first half of 2011, the approval rate rose slightly to 71% but still less than before the announcement of Israeli easings. As the approval rate increases so does the number of people applying which rose to 52 on average per month in the period Jan – Jun 2011.

<sup>57</sup> According to CoGAT: 368 tons of strawberries, 10,181,67 flowers, 6 tons of peppers, 7 tons of cherry tomatoes.

<sup>58</sup> Some 19,151 truckloads were exported in 1997; 5,845 in 2007 and only 195 in 2011.

<sup>59</sup> Recent growth (including real GDP growth of 15.1 percent in 2010 and 17.9 percent in the first Quarter of 2011 ) was led by growth in the agriculture sector; however, this growth shows signs of increased volatility, and the high growth rate reflects starting from a low base.

Ibid, UNCTAD: ‘...GDP fell by 30% cumulatively between 2006-2009...’

<sup>60</sup> The biggest sectors in the economy are services and public administration and defense, which offer limited room for further growth. Regarding real average wages, there has been a decrease of over 25% since 2007, reflecting the overall increase in prices over the last three years, and declining purchasing power.

<sup>61</sup> Furthermore, since the imposition of the fishing limits to 3 nautical miles, sardine catch has decreased by 70% with fishing stock being depleted. OCHA, Humanitarian Monitor, April 2011. p. 2.

<sup>62</sup> According to PCBS Labour Force statistics. Since mid-2010, the proportion of workers involved in vulnerable employment has increased from 15% to 23%.

<sup>63</sup> According to PCBS, unemployment was 33% among the 15-19 age group and 48% among the 20-24 age group in the 2<sup>nd</sup> quarter of 2011.

<sup>64</sup> Ibid WFP, June 2011, pp. 6, 8, 39-40. WFP reports that ‘the main factor contributing to food insecurity is economical access to food and non-food items resulting from the lack of income-earning possibilities for Gaza households. Primarily due to the lack of income-earning opportunities, 66% of household in Gaza are food insecure or vulnerable to food insecurity compared to 65% before June 2010.

<sup>65</sup> Palestinian Central Bureau of Statistics PRESS RELEASE Poverty in the Palestinian Territory, 2009-2010, [http://www.pcbs.gov.ps/Portals/\\_pcbs/PressRelease/poor\\_E2010.pdf](http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/poor_E2010.pdf): The 2010 poverty survey, released in April, showed that 26% of Palestinians were living in poverty in 2010 (18% in the West Bank, down from 19% in 2009 and unchanged in Gaza at 38%). The poor in Gaza are poorer than those in the West Bank.

As in the Ministry of Social Affairs Business Strategy, the new unified Cash Transfer Programme (CTP) alone amounted to NIS 286 million, which represents 1.35% of GDP. The social transfers are delivered through a variety of programmes and services administered by MoSA, other government offices and the UN World Food Programme. The PA envisages the expansion of the coverage of social assistance, i.e. the combined coverage of the CTP and the President’s assistance, to be increased to 95,000 households in 2011-12, and an additional 60,000 households by the end of 2013, For a summary of WFP’s assistance, see [http://home.wfp.org/stellent/groups/public/documents/op\\_reports/wfp228595.pdf](http://home.wfp.org/stellent/groups/public/documents/op_reports/wfp228595.pdf): In 2011, WFP is providing assistance to a total of 454,000 Palestinian beneficiaries in the West Bank and 313,000 in the Gaza Strip.

For a summary of UNRWA’s assistance in Gaza, see: <http://www.unrwa.org/etemplate.php?id=659>: UNRWA provides job creation for some 25,000-40,000, food aid for 750,000 refugees and school feeding for 207,000 pupils, and cash assistance to 60,000 families.

For a summary of UNRWA assistance in the West Bank, see <http://www.unrwa.org/userfiles/2011051512917.pdf>.

<sup>66</sup> Ibid. PCBS. Social Assistance for households reduced poverty among individuals by 16.8% in the Palestinian Territory in 2010, (10.7% in West Bank and 21.2% in Gaza Strip).

According to Portland Trust, May Economic Bulletin, Issue 56, [http://www.portlandtrust.org/documents/pdfs/bulletins/Issue56\\_May\\_2011.pdf](http://www.portlandtrust.org/documents/pdfs/bulletins/Issue56_May_2011.pdf): Comparison to previous years is not possible as PCBS changed the methodology of measuring poverty this year.

<sup>67</sup> UNRWA continues to build on coordination with the PA in the delivery of services, to help ensure this population benefits from improved social development.

<sup>68</sup> This would build on the cross-cutting objectives and current focus on social security within the social sectors, whilst helping to focus the objectives of all government sectors towards fulfilling social development goals.