

UNITED NATIONS



NATIONS UNIES

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

**Report to the
Ad Hoc Liaison Committee
New York, 22 September 2014**

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List of Acronyms

AHLC	Ad Hoc Liaison Committee
ARG	Arab Regional Grid
CBS	Central Bureau of Statistics
COGAT	Coordination of Government Activities in the Territories
ECD	Early childhood development
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GEDCo	Gaza Electricity Distribution Company
GPP	Gaza Power Plant
ICA	Israeli Civil Administration
IDF	Israeli Defence Forces
IEC	Israel Electric Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IPE	Initiative for the Palestinian Economy
kg	Kilogramme
km	Kilometre
kV	Kilovolt
m ²	Square metre
m ³ /d	Cubic metres per day
MCM/y	Million cubic metres per year
MW	Megawatt
MoEHE	Ministry of Education and Higher Education
MoH	Ministry of Health
NGEST	Northern Gaza Emergency Sewage Treatment Plant
NM	Nautical mile
NIS	New Israeli Shekel
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
oPt	Occupied Palestinian territory
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PLO	Palestine Liberation Organization
PMA	Palestine Monetary Authority
PNDP	Palestinian National Development Plan
PWA	Palestinian Water Authority
SRP	Strategic Response Plan
STLV	Short-term low-volume
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

UNICEF	United Nations Children’s Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	Office of the Special Coordinator for the Middle East Peace Process
US	United States
WFP	World Food Programme
WHO	World Health Organization

The reporting period is September 2013 to August 2014, unless otherwise noted.

Executive Summary

Since the Ad Hoc Liaison Committee (AHLC) meeting in September 2013, peace talks brokered by the United States (US) on a negotiated two-state solution were suspended in April 2014, tensions and violence increased in the West Bank, including East Jerusalem, and a 51-day war has taken place between Israel and Hamas and other militant factions in the Gaza Strip with devastating consequences, particularly on the civilian population of the Strip.

Today, a political horizon for an end of occupation and end of conflict is worryingly absent, and this must be addressed. Meanwhile, the Government of National Consensus (GNC) formed in June 2014 faces massive challenges in assuming its full responsibilities and overseeing reconstruction in the Gaza Strip and in bringing the West Bank and Gaza Strip together under one legitimate government.

It is now essential that all Palestinian parties support the GNC and take no actions that would undermine its efforts. The GNC must be facilitated and enabled – in particular by Israel – in this task throughout the occupied Palestinian territory (oPt), and constructively assisted by regional stakeholders and the wider international community.

In spite of the continued pressures on the Palestinians and fiscal difficulties affecting the Palestinian Authority (PA) during the past year, further progress has been made in enhancing Palestinian institutions, including advances in national planning, budget management and service delivery. However, deteriorating socio-economic trends in the West Bank and the Gaza Strip indicate that the status quo is not sustainable and real progress must be made.

Steps from all parties are required to break away from the cycle of PA deficits, which are financed through donor support that is uncertain, arrears accumulation that hurts the private sector, and expensive bank borrowing. Such steps would help lessen aid dependence and achieve the PA's medium-term fiscal sustainability:

- In the short term, the PA will continue to depend on donor aid to cover its expenditures. The donor community needs to maintain or increase budget support and improve its predictability to allow the PA to plan and manage its budget more effectively. Development funding is also needed for the 'Palestinian National Development Plan 2014-2016' and for reconstruction in the Gaza Strip. Assistance for the reconstruction of the Gaza Strip should not come at the expense of budget support or development assistance for the West Bank, both of which are at least as necessary now as before the recent escalation.
- The PA has taken commendable steps to strengthen its fiscal position and it needs to maintain fiscal discipline, with due consideration to potential wider negative economic and/or social consequences.
- Achieving longer-term fiscal sustainability requires a further and more far-reaching relaxation of Israeli restrictions that spurs sustained private sector-led growth and creates employment, providing increased tax revenue for the PA. Fundamental change that allows for socio-economic development is essential, for example through access to Area C.

In the Gaza Strip, weeks of devastating conflict brought into stark relief the need for fundamental change. Neither Israeli closure nor militant smuggling of weapons or material for tunnels nor the continued division of the Palestinians can offer anything beyond setting the stage for another, even more catastrophic war. Continued restrictions on the Strip – on exit and entry of goods and people – will fuel instability, de-development and conflict, and make the next escalation just a matter of time. Instead, we must seize this opportunity to bring about calm and transformational change which lifts the closure and allows Palestinians in the Gaza Strip to lead a normal life and ensures the full enjoyment of their basic rights, while addressing Israel's legitimate security concerns and giving donors confidence that reconstruction will be enabled and that materials will be used for intended civilian purposes. The UN is engaged with all parties to find a way forward on a mechanism that responds to these needs and enables the GNC to lead, and the private sector to carry out, the

reconstruction of the Gaza Strip. It is also essential to address structural development issues such as energy and water, the provision of services, particularly health and education, and the reactivation of economic activity through external trade.

Reconstruction, recovery, governance and security in the Gaza Strip must take place in the context of the return of one legitimate Palestinian Authority to the Strip. The GNC will face major challenges in this regard, including around the integration of fiscal systems and civil services, the harmonization of legal frameworks, and the financial implications of reintegrating administrations. At the same time, reconciliation will present it with opportunities to expand state-building achievements to the Gaza Strip. To this end, the GNC will need to undertake comprehensive civil service reform in the context of institutional restructuring, including of the security sector. The PA will also have to gradually assume the effective and exclusive control of the use of force through the deployment of Palestinian Security Forces to border crossings and throughout the Gaza Strip. As needed, and in cooperation with other partners, such as the European Union, the UN will support the GNC in these tasks, taking advantage of our presence on the ground. Rapid progress on these issues is now essential.

The situation on the ground in the West Bank, although largely eclipsed by events in the Gaza Strip, deteriorated during the reporting period, with a rise in violence and several disturbing developments, including the abduction and killing of three Israeli teenagers followed by the abduction and killing of a Palestinian teenager, continued settlement expansion at an alarming rate, land expropriation, and a high number of reported confrontations between Palestinians and Israeli forces and settlers.

Area C is fundamental to the contiguity of the West Bank and the viability of Palestine and its economy. It is essential for the expansion of public infrastructure, such as transportation, water and electricity networks, wastewater treatment plants and landfills, private sector development, and the development needs of communities in Areas A and B. Communities in Area C are some of the most vulnerable in the West Bank in terms of humanitarian needs, yet Area C carries vast potential for the oPt and the human development of the Palestinian people. Development of Area C will also increase the PA's tax revenue. The Government of Israel is urged to enable the development of Area C in consultation with the PA and the international community, and to respond to the needs of Palestinian communities in Area C. Approval of 90 Palestinian community-driven outline plans submitted by the communities to the Israeli Civil Administration (ICA) would represent a welcome first step towards addressing planning needs for all Palestinian communities. Similarly, the UN continues to encourage the Government of Israel to approve a package of agriculture-related works valued at approximately \$5 million, to be implemented by the UN with financial support from the British Government/Department for International Development (DFID) and the Dutch Government.

In East Jerusalem, reopening the Jerusalem Chamber of Commerce, closed by the Israeli authorities since 2001, in line with Israel's obligations under the Roadmap to reopen Palestinian institutions, would be an important first step in revitalizing the private sector, furthering economic activity and addressing the low levels of labour force participation and high levels of poverty affecting Palestinians in the city. Furthermore, due consideration by the Israeli authorities of Palestinian-led community planning initiatives is necessary to establish a development framework to meet outstanding Palestinian housing, social and economic needs, and so improve living conditions for tens of thousands of East Jerusalemites.

The devastation caused by the latest war should be a stark reminder to all that the situation in the Gaza Strip is unsustainable and that a further war would be catastrophic. We have a solemn duty to change the dynamics in the Strip, while addressing with renewed urgency the situation in the West Bank too. This is the only path that can lay the basis for a dignified civilian life and a renewed effort at Israeli-Palestinian peace.

At time of writing, the UN continues to work intensively with the parties to finalize a mechanism to kick-start shelter rehabilitation and reconstruction in the Gaza Strip. In this regard, the UN Special Coordinator for the Middle East Peace Process will brief the UN Security Council on 16 September and the AHLC on 22 September.

I. Introduction

- 1) This report provides an update on changes on the ground in the occupied Palestinian territory (oPt) since the last meeting of the Ad Hoc Liaison Committee (AHLC) in September 2013, and identifies the efforts and position of the United Nations (UN) on key issues and recommendations on which the UN, together with the parties and the international community, will continue to work to make progress. Many of these recommendations are geared towards addressing reconstruction, recovery and long-term structural development issues in the Gaza Strip and realizing the potential of the Palestinian economy, including in Area C, in order to improve the lives of Palestinians and as an additional source of much-needed revenue through taxation for the Palestinian Authority (PA). Though this will ultimately reduce the amount of donor assistance required, in the short term it will not replace the need for timely, predictable direct budget support for the PA, nor the need to support reconstruction and recovery efforts in the Gaza Strip and to scale up development financing in support of the 'Palestinian National Development Plan (PNDP) 2014-2016'.
- 2) The report opens with a section providing political context. It then gives an overview of developments in Palestinian state-building, highlighting challenges and achievements, and of the socio-economic context. The report then reviews the situation on the ground in the West Bank, addressing issues of movement and access, Area C and East Jerusalem, and the situation in the Gaza Strip. Given the importance of energy and water in the Gaza Strip, Annex A addresses both the interim and the structural solutions to these problems.

II. Political Context

- 3) The UN's September 2013 AHLC report recognized renewed prospects for reaching a comprehensive settlement on all final status issues as a result of talks brokered by the United States (US) that resumed in July 2013. Despite an intensified direct engagement between the parties during the autumn of 2013, and persistent efforts by the US since early 2014 to articulate an agreed framework as the guiding basis for continued negotiations, an agreement failed to emerge and talks have been suspended since the end of April 2014. The collapse of the talks has dealt a significant blow to the immediate prospects for achieving an enduring peace. Israeli settlement announcements accompanying each tranche of agreed release of Palestinian prisoners complicated negotiation efforts. At the end of March 2014, Israel did not release the fourth tranche of prisoners, citing lack of political progress within the peace talks, and the State of Palestine¹ moved to accede to 15 international treaties and conventions, all of which have since come into effect. On 23 April, the Palestine Liberation Organization (PLO) and Hamas signed the 'Beach Camp accord' with the objective of ending Palestinian divisions. Israel suspended the peace talks, stating that it would not negotiate with any Palestinian government "backed by" Hamas.
- 4) The intra-Palestinian agreement provided for the formation of a Palestinian interim government of national consensus within five weeks and the holding of presidential, legislative and Palestinian National Council elections at least six months thereafter. On 2 June, President Abbas announced the formation of the Government of National Consensus (GNC) headed by Prime Minister Rami Hamdallah. Consequently, the Hamas de facto government ministers in the Gaza Strip stood down and a new cabinet was formed. However, the unresolved issues of public sector reform and unpaid salaries generated a governance crisis in the Gaza Strip that remains unresolved.
- 5) The formation of the GNC under President Abbas and in accordance with the PLO principles was welcomed by the international community. The UN has long underscored the need for progress towards Palestinian unity in line with existing resolutions, within the framework of the PLO commitments and the positions of the Quartet and the Arab Peace Initiative.² In this regard, the

UN acknowledged the renewed assurances by the GNC that it will abide by the PLO commitments of recognition of Israel, non-violence and adherence to previous agreements.

- 6) The situation on the ground in the West Bank remained tense throughout the period and further deteriorated on 12 June 2014 when three Israeli teenagers were kidnapped near Hebron and killed. Holding Hamas responsible for their abduction, Israel immediately launched an extensive operation in the West Bank to locate the perpetrators of the crime. Search and arrest operations were conducted in major population centres, where over 500 Palestinians were reportedly arrested. On 30 June, the bodies of the teenagers were found in close proximity to where they were abducted. Hamas praised the kidnapping and some of its representatives claimed responsibility. Israel has since arrested one individual in connection with the crime while two other suspects remain at large. A day after the Israeli teenagers were buried, a Palestinian teenager from East Jerusalem was kidnapped and murdered, triggering a new height of tensions in Jerusalem as well as demonstrations in the West Bank and several northern Israeli towns. Three Israeli suspects were promptly apprehended by the Israeli police and confessed to the murder of the Palestinian teenager and admitted that it was done in revenge for the killing of the three Israeli teenagers. During this period of heightened tension, rocket fire from militants in the Gaza Strip increased. Israel responded with air strikes on the territory. The security situation began to dramatically unravel on 7 July after Hamas, for the first time in 20 months, claimed responsibility for firing a barrage of rockets towards Israel. On 8 July Israel launched 'Operation Protective Edge', with the stated aim of stopping rocket attacks and destroying Hamas' capabilities to conduct operations against Israel. On 17 July Israel began a ground offensive in the Gaza Strip, during which more than 30 tunnels from the Gaza Strip into Israel were uncovered and destroyed.
- 7) The escalation in the Gaza Strip – the third major one in six years – has taken a devastating toll on civilian lives and resulted in an unprecedented amount of destruction. In response to the crisis, the UN mobilized every effort, including through the personal engagement of the Secretary-General, and working closely with regional and international stakeholders, to end the violence. On 17 July and on 26 July, UN-brokered humanitarian pauses allowed civilians a much-needed respite from the violence. On 26 August at 19:00 hours, an open-ended ceasefire brokered by Egypt was announced and went into effect. The agreement called for a comprehensive and mutual ceasefire, the opening of the crossings between the Gaza Strip and Israel to allow for the entry of humanitarian assistance and reconstruction materials, the expansion of the fishing zone starting from six nautical miles (NM), and the continuation of indirect negotiations between the two parties on all other topics within one month.
- 8) The UN stands ready to lend its full support to the GNC in its effort to reunite the West Bank and the Gaza Strip under one legitimate Palestinian Authority. This agenda, urgent at the time of the formation of the GNC, has become even more so after the recent conflict. The new government must be facilitated and enabled – in particular by the Government of Israel as the occupying power – to take governance responsibilities in the Gaza Strip and address the serious political, security, humanitarian and socio-economic challenges there. Regional stakeholders and the wider international community need to constructively assist the GNC in creating a positive agenda and fundamentally changing the dynamics in the Gaza Strip.
- 9) To this end, the indirect negotiations called for under the 26 August ceasefire agreement must address the basic equation of ending the closure on the Gaza Strip and addressing Israel's legitimate security concerns. These issues had been captured by core elements of Security Council resolution 1860 passed after the 2008-2009 conflict, which unfortunately remains unimplemented.³ It is clear that neither Israeli closure of the Gaza Strip nor militant smuggling of weapons or material for tunnels nor the continued division of the Palestinians can offer anything beyond setting the stage for another, even more catastrophic war than that which the people affected have just endured.

10) The recent conflict in the Gaza Strip, coupled with the increase in tensions and violence in the West Bank, including East Jerusalem, is a stark warning of the negative repercussions on the ground when there is no credible political horizon towards a negotiated end to the occupation and conflict. The international community must urgently help the parties to reverse these negative trends, and support them in restoring trust and in finding a way to resume meaningful negotiations and restore prospects for a two-state solution.

III. Palestinian State-Building

11) The GNC will face major governance challenges, including the restructuring of the security sector, the integration of fiscal systems and civil services, the harmonization of legal frameworks, and the financial implications of reintegrating administrations. At the same time, reconciliation will present it with opportunities to expand state-building achievements to the Gaza Strip. The GNC has expressed its commitment to address the urgent and daunting challenges of governance, reconstruction and security as part of bringing the Gaza Strip back under one legitimate Palestinian Government that adheres to PLO commitments. It is important that the GNC take charge and effect the positive, transformative change that the Gaza Strip so badly needs, and donors are encouraged to support programming through the institutions associated with this government. During the reporting period, Palestinian institutions found themselves under increased stress, not least due to the crisis in the Gaza Strip, but continued to enhance their performance.

12) The PA has taken commendable steps to strengthen its fiscal position, including through the development of a revenue strategy for 2014-2016 and the formation of a committee to find ways to address net lending.⁴ By July 2014 total revenue was above target but total expenditure was also higher than projected, mainly due to high net lending.⁵ The recurrent and overall deficits were 67 and 63 per cent of the budgeted annual amount, respectively.⁶ With lower than expected budget support and development financing, concerns over the PA's fiscal position remain.⁷ These concerns are amplified by the possible short-term effects of the crisis in the Gaza Strip on PA expenditure and on the performance of the economy in general.

13) Concerted efforts by all parties are required, as outlined below, in order to break away from the cycle of deficits financed through donor support that is uncertain, arrears accumulation that hurts the private sector, and expensive bank borrowing. These steps will ultimately also help lessen aid dependence and achieve the PA's medium-term fiscal sustainability:

- In the short term, the PA will continue to depend on donor aid to cover its expenditures. In addition to maintaining or increasing its provision of budget support, the donor community needs to improve the predictability of the aid it delivers, including through multi-year commitments, to allow the PA to plan and manage its budget more effectively. Donor assistance is also necessary in the form of development funding for the PNDP 2014-2016 and for reconstruction in the Gaza Strip. Assistance for the reconstruction of the Gaza Strip should not come at the expense of budget support or development assistance for the West Bank, both of which are at least as necessary now as before the war. By the end of July 2014, external budget support and development financing were only 38 and 25 per cent of the amount projected for the year, respectively.⁸
- In the current difficult context, the PA needs to maintain fiscal discipline, with due consideration to potential wider negative economic and/or social consequences. In the short term the PA is encouraged to continue efforts to limit increases in the wage bill, rationalize allowances to PA employees, better enforce existing tax laws, and strengthen electricity debt collection. In the medium term, the PA needs to implement civil service and pension reform, and find ways to further improve the business climate.⁹ Shifting public spending away from recurrent expenditure towards investment in physical and human capital will

allow the PA to contribute to the economy's productive capacity and strengthen the foundation for sustainable socio-economic development.

- In parallel with the PA's ongoing efforts to enlarge the tax base as part of its new revenue strategy, private sector activity needs to expand not only for the benefit of Palestinians but also as a source of increased tax revenue for the PA. As pointed out by the World Bank: "The complex system of restrictions on movement and access imposed by Israel is the most significant impediment to Palestinian private sector growth".¹⁰ In the current environment, a further and more far-reaching relaxation of Israeli restrictions is therefore required to spur sustained private sector-led growth and create employment, providing increased tax revenue for the PA and contributing to fiscal sustainability. Fundamental change that allows for socio-economic development, for example through access to Area C, is essential. (See paragraph 27 below on the economic and domestic revenue implications of access to Area C.)

14) In spite of the continued fiscal difficulties affecting the PA, further progress has been realized in strengthening Palestinian institutions, including in areas as diverse as emergency health response and early childhood care and education, as detailed below:

- a. In order to coordinate the response to emergency medical needs in the Gaza Strip, the Ministry of Health (MoH) established the 'Emergency Operation Room', with parallel operations in Ramallah and the Gaza Strip. The Operation Room played a critical role in monitoring the availability and functioning of medical equipment, hospitals' fuel supply, damages to and functioning of health facilities, and the drug supply situation. By identifying gaps and coordinating donor efforts, the Operation Room guided the provision of medical supplies to hospitals in the Gaza Strip throughout the crisis. The Operation Room also followed up and facilitated the referral of casualties out of the Gaza Strip, mobilized medical teams from the West Bank and coordinated foreign medical missions to support the health workers in the Gaza Strip. To ensure good information flows, the Operation Room released daily situation reports and provided updates to stakeholders in the health sector.¹¹ The close cooperation between the Gaza Strip and the West Bank was a main reason for the success of the Operation Room.
- b. Through the 'Education for All Package', the Palestinian Ministry of Education and Higher Education (MoEHE) is building a more inclusive and child-friendly education system.¹² Notable progress has been made in the area of early childhood development (ECD), which until 2013 was not part of the formal education system in the oPt. About 70 per cent of children in the oPt currently do not have access to kindergarten services, underscoring the significance of recent advances, including the 2013 opening by MoEHE of the first ECD classrooms in public schools – 30 in the West Bank and 14 in the Gaza Strip. This important step in making ECD part of the formal education system was complemented with the provision of ECD teaching and learning materials and training for preschool teachers. MoEHE also finalized the first National ECD Strategy, following an inclusive consultative process with government and non-government partners. The Ministry is planning to open additional ECD classrooms over the next years, and so contribute towards education for all by addressing the needs of children from an early stage. Unfortunately, some 25 public and private kindergarten facilities were damaged in the recent war in the Gaza Strip.
- c. The PA has also taken serious steps towards enhancing gender equality and women's empowerment, for example by ratifying with no reservations the Convention on the Elimination of All Forms of Discrimination against Women in May 2014. The Cross-Sectoral National Gender Strategy was developed based on intensive consultations with all partners including civil society organizations, private sector and intentional community. The strategy was endorsed by the PA in April 2014 and it provides a national framework for promoting

gender equality national priorities. In addition, the Gender Charter for the Local Aid Coordination Structure (LACS) was developed and disseminated, aiming to enhance integrated gender equality national priorities in LACS, which could lead to increased financing for gender equality.

- 15) In April 2014, the State of Palestine deposited the instruments of accession to 13 international conventions and treaties with the UN Secretary-General, and submitted applications for the four Geneva conventions and the Hague conventions of 1907.¹³ All of the conventions and treaties have now come into effect. Accession to these treaties brings new obligations, for example on the guarantee to respect and protect human rights, and legislation will have to be revised to be in line with these new standards. The UN stands ready to assist Palestinians, at their request, in strengthening the institutions for the implementation and monitoring of treaty obligations.¹⁴
- 16) In that same month, the PA formally released the PNDP 2014-2016, a product of the third comprehensive tri-annual national planning exercise. The PNDP and its related sectoral strategies were developed through a nationally-owned participatory process involving government, private sector and civil society, as well as consultations with the international community. It outlines Palestinian development priorities for the West Bank and Gaza Strip for the three-year period, with a clear results-orientation and incorporating principles of gender equality and human rights. The Plan also sets government functions, and, by enhancing the integration of national planning and budgeting processes, it lays the basis for improved resource allocation, performance and service delivery. The development costs foreseen in the PNDP amount to \$1.5 billion while operating costs are estimated at \$10.4 billion. Continued financial support from the international community is required to achieve the objectives outlined in this plan. As its contribution towards the objectives of the PNDP, starting in 2014 the UN is implementing its development programming through the 'United Nations Development Assistance Framework (UNDAF) 2014-2016'. Financial resources required for the assistance provided through the UNDAF are estimated at \$1.2 billion for the three-year period, a third of which has been mobilized.
- 17) The GNC is developing the 'Palestinian National Recovery and Reconstruction Plan for Gaza, 2014-2016', where it lists, costs and prioritizes early recovery, reconstruction and long-term development needs and required interventions for the Gaza Strip. The UN is working closely with the Government on the formulation of this comprehensive plan, which is based on sectoral assessments of war damage and needs. The support of the international community to the GNC in leading the reconstruction agenda for the Gaza Strip will be indispensable to help the Gaza Strip back on its feet. To coordinate its support to the Government's recovery and reconstruction plan for the Gaza Strip, the UN is formulating the 'UN Support Plan for the Transformation of the Gaza Strip'. Through this plan, the UN aims to collaborate not only on the reconstruction and recovery of the Gaza Strip, but also on governance and structural development issues and so contribute to transformational change in the Gaza Strip.
- 18) The 2014 Strategic Response Plan (SRP), developed by the humanitarian community in consultation with the PA, requests \$938 million for 1.9 million vulnerable Palestinians. By the beginning of September 2014, the SRP was approximately 29 per cent funded. The 'Gaza Crisis Appeal' represents a substantive update of the SRP as the scope and impact of the conflict in the Gaza Strip amplified existing needs and created new ones. The 'Gaza Crisis Appeal' was prepared by the humanitarian community in close coordination with line ministries, thus ensuring that humanitarian interventions are fully coordinated with the government's relief and early recovery priorities. The update of the 'Gaza Crisis Appeal' represents requirements of \$552 million until the end of the year to respond to the most pressing humanitarian needs in the Gaza Strip in terms of shelter, clearance of explosive remnants of war, psychosocial attention, health, education, water, sanitation, as well as food and livelihoods support.

IV. Socio-Economic Trends in the oPt¹⁵

- 19) In a context of political and economic uncertainty as well as continued restrictions, the Palestinian economy was already slowing down prior to the start of the conflict in the Gaza Strip in July 2014.¹⁶ Annual real growth in 2013 is estimated at below 2 per cent, down from 6 per cent in 2012 and 11 per cent in 2011.¹⁷ This is the lowest growth rate registered in the last six years, and reflects a decline in real Gross Domestic Product (GDP) per capita. Economic activity was expected to remain weak in 2014 and, in the short term, the crisis in the Gaza Strip is likely to have a dampening effect on the economy. The business cycle index, for example, experienced a severe deterioration in July and August, reflecting worsened economic performance, mainly in the Gaza Strip but also in the West Bank, and a drop in business sentiment.¹⁸ Only 45.8 per cent of working-age Palestinians were in the labour market (either employed or unemployed) in the second quarter of 2014, and unemployment reached 26.3 per cent.¹⁹ The Palestinian labour market is further characterized by large numbers of underemployed persons, discouraged workers and long periods of unemployment.²⁰ The costs of unemployment, especially long-term unemployment, go beyond the immediate foregone income and include loss of skills over time, worker discouragement, emotional and health problems, and loss of social cohesion.²¹ Low and stagnant real wages have also added to the difficult living conditions in the oPt, reflected in widespread poverty and food insecurity. Although food security improved between 2012 and 2013, food insecurity stagnated at high levels, with 1.6 million Palestinians living in food insecurity in 2013.²² Food insecurity in the oPt is not due to a lack of food, but instead results from households being too poor to purchase it.²³ Low incomes and the high cost of food have an impact on all Palestinians – a majority of whom spend more than half of their income on food.²⁴
- 20) The West Bank economy has traditionally been the engine of the Palestinian economy, and in 2013 its nominal GDP represented 78 per cent of total GDP, with nominal GDP per capita of \$4,200.²⁵ However the West Bank economy was slowing down even before the conflict in the Gaza Strip, and the socio-economic conditions facing the population were difficult.²⁶ In the second quarter of 2014 unemployment affected 16.0 per cent of the labour force, compared to 16.8 per cent a year earlier.²⁷ Some groups were particularly affected by the lack of jobs, notably those aged 15 to 29 years and women, with unemployment rates of 25.3 and 26.9 per cent, respectively. Approximately 109,400 West Bank residents worked in Israel and settlements during the quarter.²⁸ Two out of three employed persons in the West Bank (except settlements) worked in the private sector in the second quarter of 2014, where wages are the lowest, and where 22.0 per cent of wage employees were earning less than the minimum wage (NIS1,450).²⁹ In this challenging economic context, food insecurity in the West Bank remained at 19 per cent in 2013.³⁰ The recent conflict in the Gaza Strip will have tangible effects in the short term on the West Bank economy, for example on the tourism industry – an important sector for income-generation and employment, particularly in East Jerusalem. According to the Palestinian Ministry of Tourism and Antiquities, the number of inbound tourist dropped considerably in July and August 2014.³¹
- 21) The impact of the recent conflict on the socio-economic situation in the Gaza Strip has not been quantified but is expected to be substantial in the short term. Even before the conflict the Gazan economy was fragile, driven by aid-financed consumption and highly vulnerable to external shocks. Economic growth was on the decline and nominal GDP per capita in the Gaza Strip in 2013 was only \$1,715 – less than half than in the West Bank. In the second quarter of 2014, following a seventeen percentage point increase in one year, the quarterly unemployment rate reached 45.1 per cent – the highest quarterly rate since 2008.³² As in previous quarters, those aged between 15 and 29 years and women were affected the most, with unemployment rates of 63.3 and 60.8 per cent, respectively. Nonetheless, those employed faced difficult conditions too, such as limited job security (e.g. seasonal/casual work, work without a contract), and falling real wages. A high 70.4 per cent of wage employees in the private sector were earning less than the

minimum wage. In the face of such difficult economic conditions, 57 per cent of Palestinians in Gaza were food insecure in 2013 and 74 per cent of households declared they were receiving some sort of assistance.³³ Qualitative evidence suggests that these high food insecurity levels have increased further with the conflict because of displacement and reduced economic access to food. While many Palestinians in the Gaza Strip have lost their sources of income and livelihoods, prices for food items have risen sharply.³⁴ Social protection services will need to be scaled up to address current needs, yet they should be closely linked to social promotion so as not to increase household aid dependence.³⁵ Reconstruction and recovery efforts in the Gaza Strip can offer an opportunity to address livelihoods issues, and it will be essential to empower the private sector in that regard.

V. West Bank

V.1 West Bank – Situation on the Ground³⁶

- 22) Circumstances on the ground in the West Bank, although largely eclipsed by events in the Gaza Strip, deteriorated during the reporting period, with a rise in violence and several disturbing developments. The reporting period saw continued settlement expansion at an alarming rate, the retroactive ‘legalization’ of a settlement outpost, the establishment of a new settlement in Hebron City, the approval of plans for a Jewish religious school in the commercial centre of East Jerusalem, and the announcement of two plans to expropriate a total of 5,000 dunams of Palestinian land near Bethlehem, which risks paving the way for further settlement activity.³⁷ The number of settlement construction starts in the West Bank excluding East Jerusalem in 2013 was more than double that in 2012 and was the highest since 2000, although data available up to June suggest the number of starts is lower in 2014.³⁸ Plans for further settlement expansion have also been announced, including for settlements in East Jerusalem and deep inside the West Bank. Continued seizure of land and settlement activity, including in occupied East Jerusalem, is illegal under international law and cannot be reconciled with the goal of a negotiated two-state solution. In May 2014, Israeli authorities began demolishing structures in the illegal settler outpost of Maale Rehavam, near Bethlehem after failed attempts at a voluntary evacuation.
- 23) The situation is tense throughout the West Bank, with a high number of reported confrontations. A rise in violence in the West Bank was reflected by the following trends, among others: increased clashes between Israeli Security Forces and Palestinians, particularly in and around refugee camps, Palestinian stone and Molotov cocktail throwing at Israelis, and settler attacks against Palestinians, their property and even religious sites in so-called ‘price tag’ attacks.³⁹ The year 2013 saw the highest number of Palestinian fatalities in the West Bank since 2009, and thus far in 2014 the number of Palestinians killed and injured by Israeli forces exceeds the 2013 totals.⁴⁰ Widespread clashes, during which 27 Palestinians were killed, took place in the West Bank in June-August 2014.⁴¹ Settler violence has also increased significantly in recent years, undermining the physical security and livelihoods of Palestinians. In spite of Israeli efforts to crack down on perpetrators of ‘price tag’ attacks, more than 360 settler-related incidents against Palestinians resulting in casualty or property damage were recorded during the reporting period.⁴² A total of 155 Palestinians were injured in these incidents and thousands of trees were uprooted or cut down.⁴³ Moreover, an additional 125 Palestinians were injured by Israeli forces in the context of settler-related incidents. During this period, more than 100 incidents involving Palestinian violence against Israelis that resulted in casualty or property damage were recorded, with seven Israelis being killed and 75 injured.⁴⁴
- 24) During the reporting period hundreds of Palestinian-owned structures were demolished by the Israeli authorities in the West Bank (559 in Area C and 62 in East Jerusalem) on the grounds that they lacked an Israeli-issued building permit, in addition to eight structures in Areas A and B.⁴⁵ As a result, in Area C and East Jerusalem more than 1,000 persons were displaced – more than half of them children.⁴⁶ The Jordan Valley has seen a significant rise in demolitions and displacement,

and in the reporting period approximately 60 per cent of demolitions and half of all displacements happened in Palestinian communities there. The case of Bedouin and herder communities residing in the hills east of Jerusalem is of particular concern. Since June 2013, more than 100 residential structures in nine of these communities have received demolitions or stop-work orders, and since the beginning of 2014, 14 demolition incidents have been reported. Moreover, a plan was presented by the Coordination of Government Activities in the Territories (COGAT) to a Knesset Committee in April 2014 to transfer Bedouin communities residing in sensitive areas of Area C to three centralized sites.

V.2 West Bank – Movement and Access

25) Citing security concerns, Israel continues construction of the Barrier, despite the advisory opinion issued ten years ago by the International Court of Justice that established that the sections of the Barrier which run inside the West Bank, including East Jerusalem, together with the associated gate and permit regime, violate Israel's obligations under international law.⁴⁷ At the end of 2013, approximately 62 per cent of the Barrier had been completed and 10 per cent was under construction. The Barrier divides Palestinian communities, encircles some, and isolates others from their surroundings, while separating East Jerusalem from the rest of the West Bank. In spite of some re-routings of the Barrier in recent years that have reconnected communities to the remainder of the West Bank, the Barrier still impacts the livelihoods of some 150 communities that have land located behind the Barrier, as well as the access to essential services for some 11,000 Palestinians who reside in areas (excluding East Jerusalem) between the Green Line and the Barrier (the 'Seam Zone').⁴⁸ The past few years witnessed a gradual relaxation of Israeli-imposed restrictions on Palestinian movement between the main towns and villages in the West Bank, with the exception of East Jerusalem, improving people's access to services and livelihoods. No major changes happened during the reporting period, except for temporarily tightened access restrictions during the search and arrest operations in June-July (for example in and out of Hebron and into Jerusalem). Similarly, access to East Jerusalem from the rest of the West Bank continues to be restricted by the Barrier, the system of checkpoints, roadblocks and the permit regime.

V.3 West Bank – Area C

26) Area C accounts for more than 60 per cent of West Bank's landmass and is the only contiguous part of the West Bank. As such, it is essential for the development of public infrastructure, including transportation, water and electricity networks, wastewater treatment plants and landfills. As many cities and towns have, by virtue of demographic expansion alone, outgrown the Oslo-designated boundaries, further development even for localities in Areas A and B is also dependent on access to Area C. Communities in Area C are some of the most vulnerable in the West Bank in terms of humanitarian needs.⁴⁹

27) The World Bank recently estimated that, if today's restrictions on Palestinian investment, access and movement in Area C were lifted, the potential value added from economic activity in key sectors would amount to at least \$2.2 billion a year (equivalent to 23 per cent of 2011 GDP).⁵⁰ Taking into consideration the indirect benefits of removing the restrictions in Area C (such as spill-over effects into other sectors), the World Bank estimates that the total potential value added from lifting current restrictions would amount to some \$3.4 billion (35 per cent of 2011 GDP). For the PA, this would translate into additional tax revenues of some \$0.8 billion a year, cutting the fiscal deficit by half (assuming constant tax collection rates and expenditures). The labour market would benefit as well, with a possible increase in employment of 35 per cent. Given that the unemployed have higher probabilities of being poor and food insecure, poverty and food insecurity levels would likely decrease, thus benefiting the most vulnerable.⁵¹ Effective access to land and other resources (e.g. quarries) in Area C, which Israel does access and exploit, is fundamental not only for the development of communities in Area C but also for neighbouring

Palestinian communities and the Palestinian economy as a whole. The Palestinian private sector has demonstrated itself to be capable of addressing Palestinian needs, for example with the large-scale Rawabi housing project. Yet further private-sector investments will be deterred if access to Area C remains as limited and unpredictable, and permitting as slow, as it is now.⁵²

- 28) The zoning and planning regime applied by the Israeli authorities, combined with a lack of adequate planning for and with Palestinian communities, makes it almost impossible for the majority of Palestinians in Area C to obtain building permits, forcing them to build without them. Since 1988, the Israeli authorities have issued some 12,500 demolition and stop-work orders against Palestinian-owned structures in Area C alone, revealing the failure of the current planning regime to meet Palestinian needs. Limited progress has been noted in the processing and approval of some 90 Palestinian community-driven outline plans submitted to the Israeli Civil Administration (ICA) to date, some since 2010.⁵³ Still, progress is too slow and remains insufficient for this approach to become an effective mechanism to address the long outstanding development needs of some 150 communities in Area C. The adoption of these plans by the ICA is essential for the demographic and economic growth of these communities and for attracting the necessary investment for development.
- 29) The formulation of community-driven plans is an integral part of the mutually supportive Palestinian planning effort, which includes the National Spatial Plan and regional plans. Progress across this multi-tiered planning approach is becoming increasingly urgent to ensure a cohesive development scheme that encompasses all Palestinian communities and economic resources, and to allow for optimal investment.
- 30) Community-driven plans that are formalized and approved by the Israeli authorities would be the most effective instrument for Palestinians to secure permits for constructions in Area C. Without Israeli-issued permits these structures are prone to demolition and by extension displacement of people. The ongoing practice of demolition of Palestinian structures that do not have an Israeli-issued permit only highlights the need for the ICA to provide a planning and zoning regime that can effectively respond to current and future development needs in a non-discriminatory manner. The adoption of outline plans must also be followed by the devolution of the permitting authority within the area of approved plans from the ICA to the respective municipal/village councils.
- 31) To help address urgent development needs, the UN continues to support the construction and expansion of 15 schools and health centres in Area C, valued at approximately \$5 million. This set of works follows an earlier set of 18 schools and health centres, valued at approximately \$6 million, that is now complete with the exception of two schools. As agreed with the Government of Israel, the required building permits from the ICA for these works were issued within a timeframe of 4-6 months. In the last report to the AHLC, the UN emphasized that this process offered the possibility of working effectively in Area C. The previous report stated that: "All development actors, public or private, international or domestic, are encouraged to refer to this process and timelines achieved when pursuing construction-related development interventions in Area C." Regrettably, since the publication of that report, a package of agriculture-related works valued at approximately \$5 million, to be implemented by the UN with financial support from the British Government/Department for International Development (DFID) and the Dutch Government, has failed to move forward within the timelines identified.⁵⁴ The UN continues to encourage the Government of Israel not only to approve those works but, moreover, to ensure that the needs of Palestinian communities in Area C are met.
- 32) Many Palestinian cities and towns have, through demographic increases, outgrown the boundaries determined in the Oslo era. Given the diminishing availability of physical space, the expansion of urban centres into the Area C periphery will become increasingly inevitable to develop needed public utilities and economic spaces for these cities and towns. In this regard,

the UN is seeking to assist some physically restricted urban centres to advance public works, such as waste disposal, and small industry, that need to be set up in or moved from inappropriate inner city locations to peri-urban areas, where better access and management can be ensured. The UN will work with the Government of Israel in pursuing this approach.

V.4 West Bank – East Jerusalem

- 33) East Jerusalem is the traditional focus of Palestinian political, commercial, religious and cultural life, as well as a hub for essential services. Yet, it is increasingly being cut off from the rest of the oPt by the Barrier, Israeli settlement expansion and restrictions on Palestinian movement. Policies applied by the Israeli authorities in East Jerusalem negatively affect the city's economy as well as Palestinian's access to services and their ability to plan and develop their communities.
- 34) The East Jerusalem economy has suffered significantly from Israeli measures, including the Barrier and related permit regime, that restrict the access and ease movement of goods and people (e.g. customers, traders, investors) necessary for any economy to prosper, and that have gradually severed it from the broader Palestinian economy.⁵⁵ Although the East Jerusalem economy has links to both the Israeli and Palestinian economies, it is not really integrated into either – a condition that perpetuates its stagnation.⁵⁶ Labour force participation among the Palestinian population in East Jerusalem is particularly low – 40 per cent average in 2010-2012 for those aged 20 and above.⁵⁷ A 2013 study of small businesses in downtown East Jerusalem revealed that the business community is in dire need of a local association to help enhance commercial activity in a coordinated manner through the provision of guidance, information-sharing, networking, and capacity development services.⁵⁸ In this regard, and in line with Israel's obligations under the Roadmap to reopen Palestinian institutions, reopening the Jerusalem Chamber of Commerce, closed by the Israeli authorities since 2001, would be an important step in revitalizing the private sector, furthering economic activity and addressing the low levels of labour force participation and high levels of poverty affecting Palestinians in the city.⁵⁹
- 35) Ten percent of hospital beds in the oPt are located in the six Palestinian hospitals in East Jerusalem that serve the Palestinian population of the West Bank, including East Jerusalem, and of the Gaza Strip.⁶⁰ These hospitals offer facilities and treatments, such as radiotherapy and special chemotherapies, that are not available elsewhere in the oPt. Access is restricted for patients referred from the rest of the West Bank, who require an Israeli-issued permit to enter East Jerusalem, and from the Gaza Strip, who require a permit to exit through Erez.⁶¹ (The issue of referrals from the Gaza Strip is dealt with in greater detail in paragraph 50 below.) However, the number of referrals to East Jerusalem hospitals is growing.⁶² At the same time, these hospitals are facing major cash flow problems, partly as a result of accrued debt from the PA for specialized patient care. This financial situation lies behind delays in payments to staff and suppliers. In July 2014, the European Union (EU) contributed €13 million to the East Jerusalem hospitals to cover the outstanding costs of patient referrals by the Palestinian MoH. Given their critical role in providing health services to the Palestinian people, donor countries are encouraged to consider supporting these important health service providers as a matter of priority.
- 36) Only 13 per cent of the land in East Jerusalem is allocated for Palestinian construction, and much of this area is already built up, resulting in high housing density.⁶³ Confiscation of Palestinian land in East Jerusalem obstructs the contiguity of Palestinian neighbourhoods and limits their possibility to accommodate their inhabitants, aggravating the existing housing problem. Due consideration by the Israeli authorities of Palestinian-led community planning initiatives is necessary to establish a development framework to meet outstanding Palestinian housing, social and economic needs, and so improve living conditions for tens of thousands of East Jerusalemites. These plans would allow Palestinians to obtain construction permits and enable

the ‘formalization’ of homes built without Israeli-issued permits, and would thus help prevent the demolition of Palestinian homes and property and the consequent displacement. At least 33 per cent of Palestinian homes in East Jerusalem lack Israeli-issued building permits, leaving more than 90,000 residents at risk of eviction, demolition of their homes and displacement, and underscoring the urgent need to support Palestinian-led community planning initiatives.⁶⁴

- 37) Tensions and violence at the Haram Al Sharif/Temple Mount between Palestinian worshippers and Israelis continue. Israel, citing security concerns, has increased restrictions on access by Palestinians, and clashes between worshippers and Israeli security forces have resulted in tens of Palestinians injured and detained. Additionally, attempts by Israeli right-wing groups to conduct religious rituals on the Haram Al Sharif/Temple Mount have further exacerbated tensions. Incitement from any quarter must cease and the sanctity of holy sites of all faiths must be respected.

VI. The Gaza Strip

- 38) Weeks of conflict brought into stark relief the need for fundamental change – to lift the closure and allow Palestinians in the Gaza Strip to lead a normal life and ensure the full enjoyment of their basic rights, while addressing Israel’s legitimate security concerns and giving donors confidence that reconstruction will be enabled and that materials will be used for intended civilian purposes. Underlying causes of the conflict had been captured in Security Council Resolution 1860 passed after the 2008-2009 conflict, which unfortunately remains unimplemented. We must not leave the Gaza Strip in the condition in which it was before this latest escalation, lest the restrictions imposed by Israel on the Strip citing security concerns – on exit and entry of goods and people – continue to fuel instability, de-development and conflict, and make the next escalation just a matter of time. Instead, we must seize this opportunity to bring about calm and transformational change in the Gaza Strip. This will depend on having a mechanism in place that enables the government to lead, and the private sector to carry out, the reconstruction of the Gaza Strip. It will also require addressing structural development issues such as energy and water, the provision of services, particularly health and education, and reactivating economic activity through external trade. A sustainable solution must address the issues of reconstruction, governance and security in the Gaza Strip in the context of the return of one legitimate Palestinian Authority to the Strip. For this, the PA will need to undertake civil service reform in the context of institutional restructuring, including of the security sector. The PA will also have to gradually assume the effective and exclusive control of the use of force through the deployment of Palestinian Security Forces to border crossings and throughout the Gaza Strip. As needed, and in cooperation with other partners, such as the EU, the UN will support the GNC in these tasks, taking advantage of our presence on the ground.
- 39) The pressing issues of dual administrations and public employee salaries in the Gaza Strip remain unresolved and are affecting the functioning of the GNC. A solution to these issues should be linked to the start of a comprehensive civil service reform process that, in the medium term, sees the Gaza and Ramallah ministries and their workforces merged and rightsized. This process should be guided by functional requirements and the objective of efficiency in service delivery. In a sequenced approach, those ministries that must play a key role in reconstruction and governance should be prioritized. The UN stands ready to support such an initiative.
- 40) The human toll of this latest escalation in the Gaza Strip is appalling. More than 2,100 Palestinians were killed, mostly civilians.⁶⁵ Sixty-six Israeli soldiers were also killed, as well as six civilians in Israel. More than a quarter of the population in the Gaza Strip, approximately 500,000 people, was internally displaced at the height of the conflict and sought refuge in UNRWA, government and informal shelters and with host families.⁶⁶ Life in many cities and towns in Israel was disrupted by the thousands of missiles fired from the Gaza Strip during the conflict, which caused damage to homes and other civilian infrastructure. The damage and

destruction to housing units, education and medical facilities, cultural heritage sites and other social and economic infrastructure in the Gaza Strip is unprecedented – it will take years to repair and rebuild. Contamination with unexploded remnants of war and the approximately 1.5 million tonnes of rubble from bombarded buildings will complicate relief and recovery efforts.⁶⁷ Following previous conflicts, including the 2008-2009 Cast Lead military operation, much that was destroyed was not repaired or rebuilt, and the needs have only been aggravated by the destruction from Operation Protective Edge. Rapid population growth adds further pressure.

- 41) The network of physical structures for civilian life in the Gaza Strip was already inadequate before the conflict. There was for example an estimated shortfall of 71,000 housing units and 250 schools. Israeli restrictions on the import of construction material were reintroduced in October 2013 after the Israeli Defence Forces (IDF) uncovered a mile-long tunnel from the Gaza Strip into Israel constructed with slabs of concrete.⁶⁸ After this incident, virtually all construction projects, including UN projects, were suspended – even though materials imported under UN auspices have not been diverted from their exclusively civilian purpose. Subsequently, all but \$11.6 million worth of previously approved UN works have resumed. A further \$105 million worth of new UN works are awaiting approval by the Israeli authorities. Preliminary assessments of war destruction suggest that 26 schools were totally destroyed, and 223 schools and 11 higher education facilities were damaged, while 75 hospitals, clinics and health centres also suffered damage. In addition, 13 per cent of the housing stock was affected, with 18,000 housing units totally destroyed or severely damaged and 14,000 partially damaged. While temporary housing solutions need to be found for the estimated more than 108,000 internally displaced persons who have been left homeless, reconstruction is the main longer-term priority.⁶⁹
- 42) During the conflict, the IDF uncovered and destroyed an extensive tunnel network extending from the Gaza Strip into several points in Israel, constructed by Hamas with materials smuggled into the Gaza Strip. No party has claimed, and there is no evidence, that materials imported under UN auspices have been diverted from their exclusively civilian purpose. It must also be said that the effort and resources devoted by Hamas to construct this network in order to launch attacks against Israel is unacceptable.
- 43) The scale of civilian damages in the Gaza Strip are at such a scale that a new mechanism for the import through the legal crossings of ‘dual use’ construction materials, such as aggregate, bar and cement, is now required. The UN is engaged with all parties to find a way forward on such a mechanism, to allow for work at scale, including by the Government of Palestine, and enable the private sector, while also providing assurances to the Government of Israel and to donors that materials are used for civilian purposes. The UN hopes that agreement will be finalized urgently and well in advance of the AHLC. It is essential that work begin at scale under such a new arrangement, beginning with the approval of a programme of over \$105 million of works. This first gesture will generate goodwill and will pave the way for a second programme approval that is outlined in the ‘UN Support Plan for the Transformation of the Gaza Strip’.
- 44) The provision of electricity in the Gaza Strip was well below demand before the conflict, with only 46 per cent of the estimated demand met.⁷⁰ The electricity system was severely damaged during the conflict. The Gaza Power Plant – the Gaza Strip’s sole power plant – which used to provide close to a third of electricity, was hit and sustained severe damage, and remains inoperable. Although feeder lines from Israel have been rehabilitated, damage to the grid is still to be repaired as elements of a programme of immediate and essential work. The lack of electricity has widespread negative effects on the wellbeing of people and on the economy. It affects the operation of water pumps, sewage pumping stations, wastewater treatment plants, desalination plants, health services, schools, the private sector, and households. Recent projections revised the Gaza Strip's estimated need for energy upwards to 850 megawatts (MW) by 2020, based on ‘normal’, but currently unrealized, economic activity and the operation of essential services, including water treatment and desalination plants. Beyond the repair of war

damage to the electricity network, this situation highlights the need for a comprehensive approach to advance a sustainable structural solution to the Gaza Strip's current energy problems and to meet future needs. (See Annex A for further details on the energy problem and interim and the structural solutions to it.)

- 45) There is a significant shortage of safe drinking water in the Gaza Strip, with the supply of water relying largely on the aquifer. Over-abstraction has led to increasing saltwater intrusion and declining water quality, while contamination with untreated wastewater is leading to further deterioration, with possible consequences beyond the Gaza Strip. Limited water quantities are imported from Israel and obtained from small-scale brackish water desalination facilities, the latter with further negative impact on the aquifer. Low water quality has been linked to a high incidence of water-related diseases among the population.⁷¹ Preliminary assessments reveal the extent of war damage to the water and wastewater network: 15 water wells, 11 public water supply tanks, 7 desalination plants, 12 wastewater pumping stations, 4 wastewater treatment plants, 17.5 kilometres (km) of the water network, 10.3 km of sewage network, and a large number of vehicles, trucks and excavators of the Palestinian Water Authority (PWA) were damaged. Future water needs in the Gaza Strip are expected to increase with population growth from 200 million cubic metres per year (MCM/y) in 2013 to 270 MCM/y in 2020.⁷² Repairing the damage caused by the conflict to the water and wastewater network is a priority for the wellbeing of the population in the Gaza Strip. Yet a comprehensive approach is necessary to address structural issues and meet future water needs in a sustainable manner. (See Annex A for further details on the water problem and interim and the structural solutions to it).
- 46) Even before the latest conflict, the closure and restrictions on imports, sales to the West Bank and exports had diminished the private sector and severely reduced livelihood opportunities in the Gaza Strip.⁷³ Initial estimates suggest that during the war 126 industrial facilities and 1,060 commercial establishments were destroyed, and that 234 industrial facilities, 4,000 establishments and the Gaza Industrial Estate were partially damaged. There were also substantive losses of machinery and equipment, agriculture infrastructure, livestock, poultry, agricultural land and other productive assets.⁷⁴ The rehabilitation of economic infrastructure is a priority to help restore private sector activity in the Gaza Strip, yet enabling external trade remains crucial for a private sector-led recovery and sustained long-term development of the Gaza Strip's economy. Lifting the restriction on commercial transfers to and from the West Bank and enabling trade with Israel and other countries, while addressing Israel's legitimate security concerns, will allow the private sector, especially in productive sectors such as agriculture and manufacturing, to regain its competitiveness. The ability to trade externally is necessary as the Gazan market is small and with reduced purchasing power.⁷⁵ Before the crisis, goods exports represented less than 1 per cent of GDP, were limited to very few items, mainly agricultural produce, were largely subsidized by foreign funding, and destinations were limited.⁷⁶ While Israel allows Gazan goods to transit through its territory en route to other countries, it does not allow, apart from exceptional cases, exports to Israel or transfers to the West Bank – the Gaza Strip's traditional and natural markets due in part to proximity and economic integration.⁷⁷ These restrictions remain despite the Dutch Government's recent donation to the PA of a security scanner to be installed at the Kerem Shalom commercial crossing.⁷⁸ Exceptions were made in 2013 for the export of two truckloads of palm fronds to Israel and the transfer of 15 truckloads of date bars for a UN project in the West Bank.
- 47) A relaxation of restrictions is needed to stimulate other industries that cater mainly to the local market but can be an important source of livelihoods, for example fishing. Fishing and fishing-related activities traditionally supported the livelihoods of thousands of families across the Gaza Strip, but this number decreased dramatically with reduced access to fishing areas since 2000.⁷⁹ Currently, Israel restricts access to the sea beyond six NM from the shore. A further extension of the fishing limit to the 12 NM announced in the Cairo understanding (still less than the 20 NM

established by the Oslo Accords), in a manner consistent with Israel's legitimate security concerns, is necessary to allow Palestinians to improve their own livelihoods through access to productive fishing areas, which start at eight NM off the coast.

- 48) Maintaining the quality of education in the Gaza Strip before the latest conflict was challenging, due in part to the shortage of schools.⁸⁰ Many existing schools also had poor infrastructure and inadequate water, sanitation and hygiene facilities.⁸¹ Education was not fully responsive to the needs of children, and teachers and other educational personnel often lacked the needed qualifications. These pre-crisis challenges have been intensified by the conflict. A high number of education facilities were destroyed or damaged, aggravating the shortage of school space.⁸² A total of 125 schools were converted into temporary shelters for the displaced and will need rehabilitation.⁸³ A significant loss of educational material, school furniture and student supplies was also registered. Many children, for example those who have developed a disability or impairment as a result of injury or who have suffered trauma, are in need of special support. The start of the 2014/2015 scholastic year was delayed due to the conflict.⁸⁴ In addition to the reconstruction and rehabilitation of facilities and the construction of additional schools to accommodate the growing population, addressing the recovery and long-term development needs of the education sector requires replacing lost or destroyed teaching and learning materials, furniture and supplies. Complementing the provision of psychosocial support and extra-curricular activities for students, the capacities of teachers need to be developed to address the diverse needs of students and to provide them with quality, inclusive education and life-skills.⁸⁵
- 49) Before the crisis, health facilities in the Gaza Strip were in need for rehabilitation or upgrading, and the quality of health services was not optimal. The health sector was suffering from prolonged shortages of fuel and electricity, as well as recurrent shortages of medicines, disposables and equipment needed to care for patients.⁸⁶ This situation lies behind the high number of expensive referrals outside for medical conditions that could have been treated inside the Gaza Strip were supplies available. The high cost of referrals (more than NIS9 million in April 2014, for example) represents a heavy burden on the public health system and the PA's budget.⁸⁷ In-kind donations mobilized from donors and health partners, and financial contributions to procure medical supplies have provided some immediate relief, contributing to cover hospitals' priority needs for essential medicines and to decrease the number of referrals, thus reducing the burden on the PA budget. Still, a longer-term solution to the structural drugs and medical supplies shortage is necessary to improve patients' access to health services and help reduce the PA's health-related expenses. Aggravating the situation, preliminary assessments indicate that during the war more than half of all major hospitals and clinics were damaged, leading to the closure of a number of facilities at a time when the need for medical services increased dramatically.⁸⁸ Ambulances were also destroyed and damaged. Shortages of drugs and disposables continue to be a challenge, as well as the shortage of fuel for generators on which hospitals now depend to an unanticipated extent. Apart from the reconstruction of medical facilities and replacement of lost equipment, long-term engagement for the supply of fuel and pharmaceuticals will be needed to address structural issues affecting the provision of health services.
- 50) Limited movement in and out of the Gaza Strip through the Erez and Rafah crossings afflicts the civilian population. The number of permits issued for businessmen, patients and others to cross through Erez had been on the rise until June 2014, but since July 2013, Egyptian authorities, citing security reasons, have opened Rafah only irregularly for exceptional cases and humanitarian convoys.⁸⁹ During the war, the number of referrals decreased considerably due to the severe security restrictions on movement within the Gaza Strip and MoH priorities during the emergency. A total of 465 casualty patients were allowed to exit Gaza for medical treatment in Palestinian hospitals in the West Bank (including East Jerusalem), in other countries in the

region or in Europe.⁹⁰ Access through the Rafah crossing was improved but was limited to casualties (143 casualties crossed in July, compared to only 10 in June). However, the approval rate for patient permits to cross Erez went down (from 84 per cent in the first half of 2014 to 66 per cent in July 2014).⁹¹ During the war the UN assisted the evacuation of dual nationals from the Gaza Strip on four occasions through Erez and on two occasions through the Rafah crossing. Enabling movement through the crossings for patients, students, businesspeople and other civilians is necessary for the recovery and transformation of the Gaza Strip.

- 51) The devastation caused by the latest war should be a stark reminder to all that the situation in Gaza Strip is unsustainable and that a further war would be catastrophic. We have a solemn duty to change the dynamics in the Strip, while addressing with renewed urgency the situation in the West Bank too. This is the only path that can lay the basis for a dignified civilian life and a renewed effort at Israeli-Palestinian peace.
- 52) At time of writing, the UN continues to work intensively with the parties to finalize a mechanism to kick-start shelter rehabilitation and reconstruction in the Gaza Strip. In this regard, the UN Special Coordinator for the Middle East Peace Process will brief the UN Security Council on 16 September and the AHLC on 22 September.

Annex A. Gaza Strip Energy and Water – Interim Measures and Structural Solutions

Introduction⁹²

By 2020 the population of the Gaza Strip is projected to have increased to 2.1 million from an estimated 1.8 million people today.⁹³ This will pose additional strain on all sectors, but particularly on energy and water. The water sector is characterized by declining water quality and availability. Over-abstraction from the aquifer has led to increasing saltwater intrusion. Contamination with untreated wastewater leads to further deterioration with the risk of spilling over outside of the Gaza Strip itself. In the energy sector, unmet energy needs and extended blackouts prevent the emergence of a viable private sector and economic opportunities for the growing population.

There are a range of sectors where greater focus is now needed. However, the two sectors addressed here, energy and water (wastewater treatment and desalination), represent a fulcrum which makes progress across all sectors possible, including private sector growth. In addition, energy and water are both sectors that have an immediate effect on the civilian population and would help the Gaza Strip increase its self-sufficiency, and more broadly would help to stabilize the overall situation including through potentially increased economic activity.

This annex seeks to briefly outline the current gaps in the energy and water sectors along with short, medium and long-term measures to address those gaps. While these would be rolled out over the time periods identified in the paper, the interdependent nature of each element identified means agreement is required on the entire programme identified herein if each individual element is to progress.

Energy

Even before the most recent conflict, the provision of electricity for the Gaza Strip was already well below demand with only 200 MW of the required 450 MW available.⁹⁴ This resulted in daily power cuts of 12-16 hours and has an adverse impact on health services, wastewater treatment plants, schools and the private sector. In short, energy is essential for a full range of basic services and the economy of the Gaza Strip. Nowhere can this be seen more clearly than in the case of planned water desalination and wastewater treatment plants, without which the Gaza Strip's water resources (the aquifer) may be irretrievably damaged.

Recent projections have revised the Gaza Strip's estimated need for energy upwards to 850 MW by 2020, based on 'normal', but currently unrealized, economic activity and the operation of essential services, including water treatment and desalination plants.⁹⁵ This is more than four times the current level of electricity provided.⁹⁶ A comprehensive approach to energy in the Gaza Strip is therefore needed if this gap is to be closed.

A comprehensive approach

A comprehensive approach to the Gaza Strip's energy crisis requires measures in the short, medium and long term as outlined below.

Short term: Return Gaza Power Plant (GPP) to service and rehabilitate/enhance energy infrastructure

- a. Once operational again, **maintain minimum production at the GPP** using diesel fuel as a stop-gap measure for a fixed period of time while the additional measures identified below (and particularly the establishment of the 161 kilovolt (kV) transmission line) are implemented.⁹⁷ Before the GPP was damaged during 'Operation Protective Edge' production was made possible through financial support estimated at \$10 million per month for the procurement of fuel. Maintaining a minimum supply of electricity in the Gaza Strip will help the Gaza Electricity Distribution Company (GEDCo) **maintain**

improvements in collection levels achieved during the second half of 2013. The maintenance and ideally, improvement, of these collection levels is essential to ensure that fuel for power generation can be purchased and that infrastructure can be maintained.

- b. **Improve power distribution system** to reduce losses, improve quality of supply and sustain increased collection rates for electricity fees.

Medium term: Import of electricity through high voltage lines (two 161 kV lines)

- a. Enable the import of an additional 150 to 300 MW of cost-efficient electricity from Israel to alleviate the energy shortage and secure the electricity needed to establish planned water treatment and desalination works.

The import of these 150-300 MW will require the construction of a high voltage 161kV transmission line(s), originally planned in 2008, as well as the conclusion of a power purchase agreement between the Palestinian Electric Transmission Company (PETL) and the Israel Electric Corporation (IEC). The physical construction of the line is expected to require approximately 12 months to complete, and would also require the construction of a new transmission line in North Gaza.

- b. The limited production at the GPP (approximately 55 MW) and the import of additional electricity from Israel is expected to significantly assist in bridging the period until the Gaza Strip is capable of sustainably generating more electricity domestically, as well as through increased imports via the Arab Regional Grid (ARG).

Long term structural solutions: Conversion of GPP to gas; accessing the Arab Regional Grid (ARG)

There are two additional mutually supporting components required to solve the Gaza Strip's energy crisis:

- a. **Supply of the GPP with natural gas and the re-conversion of the GPP to operate on natural gas**, for which it was originally designed. The supply of natural gas to the GPP will require both physical works (in the form of a pipeline) as well as a PA-led purchase agreement. The Palestinian Government is currently leading efforts to explore the Gaza Strip's offshore gas resources (Gaza Marine), which would likely be capable of supplying sufficient gas to the GPP for this purpose. The conclusion of both of these components is expected to require 18-24 months (to 2016). The operator has indicated willingness to both re-convert and expand the production capacity of the GPP to 240 MW based on the use of natural gas.
- b. **Increased import of electricity from the ARG via Egypt** would constitute another cost-efficient and reliable source of electricity for the Strip, as well as help to ensure supply diversification. This will require an improvement in the security situation in the Sinai and acquiescence from the Government of Egypt. Increased imports of electricity via the ARG, initially envisioned to reach up to 350 MW, will require a number of infrastructure works in the Gaza Strip and partially in Egypt. Actual import of electricity over the ARG could possibly commence in 2017, bearing in mind the issues identified above.

Water

There is a significant shortage of water in the Gaza Strip, with further declining water quality from unsustainable aquifer use. For example, a 2009 survey found that all sampled wells in the Gaza Strip exceeded at least one parameter of allowable chloride, nitrate, fluoride or sulphate according to WHO standards.⁹⁸ The supply of water to the approximately 1.8 million Palestinians in the Gaza Strip relies largely on the aquifer. Limited water (4.7 MCM/y in 2011) is imported from Israel. Additional small volumes are obtained from small-scale brackish water desalination facilities, which has a

further negative impact on the aquifer. The sustainable yield of the aquifer is widely estimated to be in the range of 55 MCM/y. Recent pumping from the aquifer, however, is estimated to be about 190 MCM/y. These abstraction rates have increased over the past three decades due to a variety of factors, including the lack of imports from Israel and the proliferation of unlicensed wells. The future water needs in the Gaza Strip are expected to increase with population growth from 200 MCM/y in 2013 to 270 MCM/y in 2020.⁹⁹ In addition to concerns about water quantity, there are also significant challenges related to water quality. Excess pumping of the aquifer has facilitated the intrusion of saltwater from the sea. In addition, the shallow groundwater is being contaminated from the surface. The principal cause of this is untreated wastewater which leads to, for example, high levels of nitrates. Water quality in the Gaza Strip falls well short of international guidelines for safe drinking water.¹⁰⁰ This has led to a high incidence of water-related diseases among the population.¹⁰¹ The declining water quality is exacerbated by unmet energy needs. For example, during blackouts sewage pumping stations and wastewater treatment plants do not function, leading to further contamination with untreated wastewater.

A comprehensive approach

On the basis of models of future water quality, a number of observers have highlighted the possibility that further declines in the quality and quantity of the water in the aquifer might result in its 'collapse'.

A range of short to long-term interventions outlined below are necessary to avoid this situation.

Short to medium term (0-3 years):

- **Increase imports from Israel:** Under this initiative annual water imports from Mekorot to the Gaza Strip would be expanded by 40 MCM/y. This would also entail expanding the trunk line to allow for extra water to the Gaza Strip, which is currently limited to ~15 MCM/y, including the Nahal Oz pipeline that is not operated at the moment. The current bulk price for (blended source) water is about \$0.71 (NIS2.6). A long-term supply agreement and payment guarantees by PA or donors would have to be put in place. The cost for trunk lines would have to be assessed in more detail.¹⁰²
- **Build short-term low-volume (STLV) desalination plants:** STLV desalination plants identified in PWA strategies could help alleviate immediate shortages. Modular desalination units can be operational within 40 weeks and provide drinking quality water. The resulting water could be blended with lower-quality aquifer water to lower the cost to consumers. Three (up to possibly ten) STLV desalination units of 5 MCM/y capacity each would be built for a total additional supply of 55 MCM/y. Installation would require drilling of beach wells and a tie-in to the local water supply network or trucking to consumers. Costs are estimated to be around \$12 million per 5-MCM/y unit.¹⁰³

Long term (3-7 years):

- **Wastewater treatment and reuse in agriculture:** Currently almost all wastewater is discharged into the sea or is contaminating the aquifer. One sewage treatment plant is under construction in North Gaza and two more are planned, one in Central Gaza and the other in South Gaza. The aim would be to reuse about 40 per cent of treated water in irrigation mainly for fodder and fruit trees and the remainder to recharge the aquifer where possible. In 2011, the wastewater network served 72 per cent of the population.¹⁰⁴ More wastewater could be collected and treated if all households were connected. The cost of establishing wastewater treatment for 42 MCM/y is estimated at about \$205 million.¹⁰⁵ Energy needs to run the wastewater treatment plants and the subsequent reuse schemes are estimated at 32 MW.

- **Build large-scale desalination plant in the Gaza Strip:** Current plans are for a desalination plant to be brought online by 2017-2018 using a reverse osmosis technology. If built, the plant could deliver up to 55 MCM/y, which could be expanded to ~120 MCM/y in a second phase. The required additional electricity for the plant and its associated projects would be ~35 MW assuming a 55 MCM/y output. However, funding for the entire \$450 million project has not yet been secured and the initiative, therefore, remains stalled. This total cost includes \$230 million for the desalination plant itself plus additional expenses for a power plant to meet the additional energy requirements, a main water carrier and an initiative to reduce the share of non-revenue water.^{106 107}

Conclusions

The rehabilitation of energy and water infrastructure to levels seen before the most recent conflict will fall far short of addressing the Gaza Strip's energy and water needs; pronounced deficits in the energy and water sectors will remain. Preventing the situation from deteriorating further will require short and medium-term measures for the next three years. These will stabilize the situation while longer-term approaches are put in place. Crucially, progress across the sectors is linked with improved water supply and treatment requiring increased energy supply.

In order to move ahead on this comprehensive approach to these two sectors, a comprehensive agreement needs to be reached on the programme of work outlined above. This is essential as preparatory steps in the area of desalination, for example, are not possible without reliable assurances of a sufficient electricity supply in advance. Donor experience with the Northern Gaza Emergency Sewage Treatment plant (NGEST), whose operation continues to be stalled due to an unsecured electricity supply, has only amplified the importance of ensuring sufficient electricity supply to pursue these essential works. Once such a programme of work is agreed, individual actors working in each of the areas identified would proceed with the more technical work required. In parallel, they would seek funding, which would likely be more forthcoming with the assurance that the comprehensive approach outlined herein was agreed.

Summary Table: Gaza Strip Water Infrastructure

Name	Location	Status	Notes	Capacity	Cost (anticipated)	Energy need
CURRENT						
Beit Lahia Wastewater Treatment Plant	Beit Lahia	Built – 1967, upgraded 1990s and 2000s	Shall be stopped once NGEST completed. Needs emergency cleaning of ponds. Current inflow 28,000 cubic metres per day (m ³ /d), partially treated and discharged to the infiltration basins resulting in high risk on the aquifer.	5,000 m ³ /d became 12,000 m ³ /d		2MW
Gaza Wastewater Treatment Plant	Gaza Municipality	Built – 1977 and 1986, 2006, 2013		50,000 m ³ /d became 80,000 m ³ /d		4MW
Khan Younis	Khan Younis	Built - 2007	Temporary wastewater treatment plant	7,000 m ³ /d		1 MW
Rafah	Rafah	Built – 1992, upgraded in 1997 and 2009		2,000 m ³ /d upgraded to 8,500 m ³ /d		1 MW
PLANNED						
Northern Gaza Emergency Sewage Treatment Plant	Complements Beit Lahia	Under final stage of construction	Not yet operational	35,600 m ³ /d	approximately \$43 million	3-12 MW
Central Wastewater Treatment Plant	Gaza (City)	Planned – for 2017	Under design revision. €50 million available from KFW.	120,000 m ³ /d	€90 million	10 MW
Khan Younis Wastewater Treatment Plant	Khan Younis	Planned – for 2017	First phase 26,000 m ³ /d. Tendering will be launched in third quarter of 2014. This includes wastewater treatment plant, emergency sea outfall and infiltration system. \$56 million available from Islamic Development Bank, Japan and UNDP.	44,000 m ³ /d	\$75 million	5 MW
Two STLVS in Deir Al Balah and Gaza	Gaza and Deir Al Balah	Planned – for 2014-2016	Deir Al Balah: 2,600 m ³ /d installed, planned extension to 5,000 m ³ /d. Gaza City plan for new plant with capacity of 10,000 m ³ /d.		\$23 million	4 MW
UNICEF/EU-funded STLV	Khan Younis and Rafah	Planned – for 2015	Seawater desalination plant of 6,000 m ³ /d (2.2 MCM/y). Funds allocated by EU €10 million to cover transfer of treated water to parts of Khan Younis and Rafah. (Potential expansion to 20,000 m ³ /d with additional funds needed \$22.5 million)	75,000 persons/day	\$14 million	1.5 MW
Desalination Facility for the Gaza Strip	Middle area	Planned – for 2018	Up to possibly 110 MCM/y. To provide service for the whole Gaza Strip and to include the associated works represented by the north-south water carrier, improvement of non-revenue water.	55 MCM/y	\$450 million	35 MW

Annex B. Indicator Tables for West Bank and Gaza Strip

WEST BANK (annual data)					
Indicator	2009	2010	2011	2012	2013
Net enrolment rate in basic education (%) ^{1/}	93.2	92.4	93.4	93.8	94.5
Net enrolment rate in secondary education (%) ^{1/}	68.3	67.1	66.7	64.7	62.3
Transition rate from basic education to secondary education (%) ^{2/}	88.5	89.6	88.4	87.8	87.1
Proportion of households that are connected to the public water network (%) ^{3/}	84.5	n.a.	89.4	n.a.	94.5
Proportion of households that are connected to the public wastewater network (%) ^{3/}	35.5	n.a.	40.2	n.a.	40.6
Proportion of population below the national poverty line (after assistance) (%) ^{4/}	19.4	18.3	17.8	n.a.	n.a.
Proportion of population below the national deep poverty line (after assistance) (%) ^{4/}	9.1	8.8	7.8	n.a.	n.a.
Proportion of population that is food insecure (%) ^{5/}					
- West Bank	22	22	17	19	19
o Areas A and B	n.a.	n.a.	17	19	n.a.
o Area C	n.a.	n.a.	24	20	n.a.
Proportion of population that is vulnerable to food insecurity (%) ^{5/}					
- West Bank	13	12	13	17	n.a.
o Areas A and B	n.a.	n.a.	n.a.	n.a.	n.a.
o Area C	n.a.	n.a.	n.a.	n.a.	n.a.
Proportion of population that is food secure (%) ^{5/}					
- West Bank	36	41	45	34	n.a.
o Areas A and B	n.a.	n.a.	46	n.a.	n.a.
o Area C	n.a.	n.a.	33	n.a.	n.a.
Proportion of households receiving social assistance (%) ^{5/}	n.a.	n.a.	25	24	n.a.
Average estimated value of monthly social assistance transfers (\$) ^{5/}	n.a.	n.a.	115	128	n.a.
Difference in household food insecurity rate before and after receipt of social assistance (percentage points) ^{5/}	n.a.	n.a.	-5	-4	n.a.
Labour force participation rate (%) ^{6/}					
- Male	69.5	69.5	71.4	71.4	71.3
- Female	17.4	17.2	19.0	18.9	18.0
- 15-24 years	29.6	29.1	31.9	32.4	31.7
Unemployment rate (%) ^{6/}					
- Male	17.5	16.6	15.9	17.3	16.8
- Female	18.8	19.7	22.6	25.3	25.9
- 15-24 years	29.5	28.2	28.8	30.9	32.8
Underemployment rate (%) ^{6/}	6.2	7.8	8.3	7.2	5.9
Percent change in average daily real wage ^{7/}					
- Public sector	8.1	-3.7	0.5	1.0	0.1
- Private sector	2.5	-4.1	-6.4	-2.9	-2.2
- Israel and settlements	6.5	2.3	-0.9	-2.8	3.8

Number of West Bank ID holders employed in Israel or Israeli settlements (thousands) ^{6/}	68	71	75	76	92
Number of permits for Israeli private construction in West Bank settlements, excluding East Jerusalem ^{8/}	1,345	889	903	1,021	1,507
Number of construction starts in Israeli settlements in the West Bank, excluding East Jerusalem ^{8/}	1,963	737	1,110	1,133	2,534
Number of Israeli public and private dwellings and buildings under active construction in West Bank settlements, excluding East Jerusalem ^{8/}	12,850	9,638	7,439	7,112	11,012
Number of Israeli constructions completed in West Bank settlements, excluding East Jerusalem ^{8/}	2,071	1,670	1,682	1,271	1,365
Notes:					
n.a.: not available					
Sources:					
^{1/} MoEHE based on PCBS population projections.					
^{2/} MoEHE.					
^{3/} PCBS, "National Statistical Monitoring System".					
^{4/} PBCS, "Palestinian Expenditure and Consumption Survey".					
^{5/} PCBS/FAO/UNRWA/WFP, "Socio-Economic and Food Security Survey".					
^{6/} PCBS, "Labor Force Survey".					
^{7/} Calculations based on PCBS, "Labor Force Survey" and "Annual Consumer Price Index".					
^{8/} CBS, "Time-Series Databank", available from www.cbs.gov.il (accessed on 4 June 2014).					

WEST BANK (quarterly data)					
Indicator	Q2/ 2013	Q3/ 2013	Q4/ 2013	Q1/ 2014	Q2/ 2014
Number of Israeli direct conflict-related deaths in Israel, West Bank and Gaza Strip ^{1/}	1	2	1	0	4
Number of Israeli direct conflict-related injuries in Israel, West Bank and Gaza Strip ^{1/}	51	25	24	14	18
Number of Palestinian direct conflict-related deaths ^{1/}	2	7	12	9	12
Number of Palestinian direct conflict-related injuries ^{1/}	1,207	635	551	561	797
Number of structures demolished ^{1/}					
- East Jerusalem	20	39	14	25	14
- Area C	167	145	120	128	188
Number of people (including children) displaced by demolition or eviction ^{1/}					
- East Jerusalem	113	69	52	85	16
- Area C	173	189	190	201	369
Number of Israeli settler-related incidents leading to settler casualties ^{1/}	5	6	9	9	7
Number of Israeli settler-related incidents leading to settler property or land damage ^{1/}	4	2	3	2	25
Number of Israeli settler-related incidents leading to Palestinian casualties ^{1/}	34	18	15	21	32
Number of Israeli settler-related incidents leading to Palestinian property or land damage ^{1/}	112	68	66	58	67
Number of permits for Israeli private construction in West Bank settlements, excluding East Jerusalem ^{2/}	323	480	220	246	254
Number of construction starts in Israeli settlements in the West Bank, excluding East Jerusalem ^{2/}	801	605	272	272	235
Number of Israeli public and private dwellings and buildings under active construction in West Bank settlements,	2,820	3,026	2,940	3,013	n.a.

excluding East Jerusalem ^{2/}					
Number of Israeli constructions completed in West Bank settlements, excluding East Jerusalem ^{2/}	411	421	350	163	457
Notes:					
n.a.: not available					
Sources:					
^{1/} OCHA, "Monthly Humanitarian Monitor".					
^{2/} CBS, "Time-Series Databank", available from www.cbs.gov.il (accessed on 2 September 2014).					

GAZA STRIP (annual data)					
Indicator	2009	2010	2011	2012	2013
Population density at mid-year (persons per square km) ^{1/}	4,130	4,264	4,413	4,567	4,726
Net enrolment rate in basic education (%) ^{2/}	91.4	88.3	90.4	90.9	92.3
Net enrolment rate in secondary education (%) ^{2/}	76.5	70.1	71.6	73.2	70.2
Transition rate from basic education to secondary education (%) ^{3/}	88.8	90.5	91.8	92.3	89.5
Proportion of households that are connected to the public water network (%) ^{5/}	95.8	n.a.	96.3	n.a.	99.9
Proportion of households that are connected to the public wastewater network (%) ^{5/}	83.8	n.a.	83.1	n.a.	83.1
Proportion of population below the national poverty line (after assistance) (%) ^{6/}	38.3	38.0	38.8	n.a.	n.a.
Proportion of population below the national deep poverty line (after assistance) (%) ^{6/}	21.9	23.0	21.1	n.a.	n.a.
Proportion of population that is food insecure (%) ^{7/}	60	52	44	57	57
Proportion of population that is vulnerable to food insecurity (%) ^{7/}	9	13	16	14	n.a.
Proportion of population that is food secure (%) ^{7/}	24	19	23	10	n.a.
Proportion of households receiving social assistance (%) ^{7/}	n.a.	n.a.	80	74	n.a.
Average estimated value of monthly social assistance transfers (\$) ^{7/}	n.a.	n.a.	71	65	n.a.
Difference in household food insecurity rate before and after receipt of social assistance (percentage points) ^{7/}	n.a.	n.a.	-7	-5	n.a.
Labour force participation rate (%) ^{8/}					
- Male	62.5	62.1	63.9	65.0	65.8
- Female	12.2	10.2	12.4	14.7	16.0
- 15-24 years	22.1	20.4	38.4	25.3	25.5
Unemployment rate (%) ^{8/}					
- Male	37.3	36.2	25.8	26.8	27.8
- Female	45.8	47.8	44.0	50.1	53.1
- 15-24 years	59.2	63.4	51.1	55.1	57.2
Underemployment rate (%) ^{8/}	5.5	5.7	6.4	6.3	6.4
Percent change in average daily real wage ^{9/}					
- Public sector	-3.4	0.7	6.4	-0.6	4.5
- Private sector	4.1	-12.9	6.2	7.4	-5.3

Number of civilian Palestinians killed or injured by unexploded ordnance ^{10/}					
- Adults	n.a.	6	8	14	4
- Children	n.a.	10	19	20	22
Number of truckloads exported from the Gaza Strip to ^{11/}					
- Israel	0	0	0	0	2
- Other destinations	21	214	301	224	165
Number of truckloads transferred from the Gaza Strip to the West Bank ^{11/}	0	0	0	38	15
Fuel imports into the Gaza Strip through Kerem Shalom, excluding fuel for power plant (truckloads) ^{12/}	90	1,689	1,555	1,651	2,703
Non-fuel imports into the Gaza Strip through Kerem Shalom (truckloads) ^{12/}	22,812	30,886	46,399	57,441	56,374
Imports into the Gaza Strip through Rafah (2009-2010 humanitarian aid only, such as food, medical and relief supplies; 2012-2013 Qatari projects) (truckloads) ^{12/}	551	22	0	79	8,749
Effective closure days of Gaza Strip crossing (days) ^{12/}					
- Kerem Shalom	34	58	71	68	77
- Rafah Commercial	310	358	365	362	136
<p>Notes: n.a.: not available Sources: ^{1/} Calculations based on PCBS mid-year population estimates. ^{2/} MoEHE based on PCBS population projections. ^{3/} MoEHE. ^{5/} PCBS, "National Statistical Monitoring System". ^{6/} PBCS, "Palestinian Expenditure and Consumption Survey". ^{7/} PCBS/FAO/UNRWA/WFP, "Socio-Economic and Food Security Survey". ^{8/} PCBS, "Labor Force Survey". ^{9/} Calculations based on PCBS, "Labor Force Survey" and "Annual Consumer Price Index". ^{10/} OCHA, "The Monthly Humanitarian Bulletin". ^{11/} UNSCO, "Socio-Economic Report". ^{12/} UNSCO, "Socio-Economic Database".</p>					

GAZA STRIP (quarterly data)					
Indicator	Q2/ 2013	Q3/ 2013	Q4/ 2013	Q1/ 2014	Q2/ 2014
Number of Ministry of Health referrals from the Gaza Strip by destination ^{1/}					
- East Jerusalem	1,379	1,576	1,437	1,723	1,878
- Rest of West Bank	514	546	638	875	954
- Egypt, Israel, Jordan	1,818	1,514	1,579	1,830	1,617
Proportion of applications for health access through Erez approved (%) ^{1/}					
- Female	85.4	92.3	92.6	91.2	84.1
- Male	80.3	85.9	88.0	83.0	77.2

Number of patients from the Gaza Strip exiting through Erez ^{1/}	2,516	2,860	3,365	3,849	3,746
Number of patient from the Gaza Strip exiting through Rafah ^{1/}	2,350	896	734	154	17
Number of Palestinian direct conflict-related deaths ^{2/}	1	2	6	11	6
Number of Palestinian direct conflict-related injuries ^{2/}	7	14	37	105	96
Number of civilian Palestinians killed or injured by unexploded ordnance ^{2/}	6	0	1	11	n.a.
Exports from the Gaza Strip ^{3/}					
- Flowers (thousands of stems) -- to Europe	573	0	645	1,928	0
- Fruits and vegetables (tonnes) -- to Europe, Saudi Arabia, Jordan, Russia	16.0	40.0	153.9	248.1	1.0
- Herbs (kilogrammes) -- to Europe and United States	5,020	7,260	9,292	8,150	3,870
- Furniture (units) -- to Egypt, Ukraine	19	0	0	0	28
- Palm fronds (pallets) -- to Israel	0	58	0	0	0
- Total truckloads -- to all destinations	16	15	82	74	11
Commercial transfers from the Gaza Strip to the West Bank ^{3/}					
- Date bars (tonnes)	0	0	60	0	0
Fuel imports into the Gaza Strip through Kerem Shalom, excluding fuel for power plant (truckloads) ^{4/}	391	693	1,259	1,497	1,530
Non-fuel imports into the Gaza Strip through Kerem Shalom (truckloads) ^{4/}	13,798	15,918	13,213	11,303	10,110
Imports into the Gaza Strip through Rafah (Qatari projects) (truckloads) ^{4/}	1,348	1,010	1,849	1,334	2,323
Imports into the Gaza Strip through Rafah (other, e.g. food, medicines, medical supplies, ambulances, cars) (truckloads) ^{4/}	n.a	n.a	n.a	23	61
Effective closure days of Gaza Strip crossings (days) ^{5/}					
- Kerem Shalom	24	16	15	13	16
- Rafah Commercial	44	41	47	63	68
Notes:					
n.a.: not available					
^{5/} Effective closure days are calculated by adding all days when a crossing is fully or partially closed, excluding weekends and holidays. Partial closure means that the crossing is closed for more than one hour but not for a full day, in which case it would be considered fully closed. Weekends and holidays include all Saturdays, half the Fridays (since labor and commercial flows are about half their normal workday level on Fridays) and universally celebrated Jewish and Muslim holidays. Jewish and Muslim holidays which fall on Saturday or Friday are not counted as a holiday but as a Saturday (full day closure) or Friday (half day closure), respectively.					
Sources:					
^{1/} WHO, "Referral of Patients from the Gaza Strip – Monthly Report".					
^{2/} OCHA, "Monthly Humanitarian Bulletin".					
^{3/} UNSCO, "Socio-Economic Report".					
^{4/ 5/} UNSCO, "Socio-Economic Database".					

¹ On 29 November 2012, the UN General Assembly passed resolution 67/19. Pursuant to operative paragraph 2 of that resolution, the General Assembly decided to "...accord to Palestine non-member observer State status in the United Nations ...". On 12 December 2012, Palestine informed the Secretary-General that the designation "State of Palestine" should be used in all official documents, although this does not preclude the use of the term "occupied Palestinian territory". In accordance with the Secretary-General's report on the "Status of Palestine in the United Nations" (A/67/738) of 8 March 2013, the designation "State of Palestine" is now used in all documents of the United Nations, notwithstanding the use in parallel of the term used in previous reports, "occupied Palestinian territory".

² The Quartet asked that all members of future Palestinian Governments be committed to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap.

³ Security Council Resolution 1860 can be found on www.un.org/docs/sc/unsc_resolutions09.htm.

⁴ The committee is composed of the head of the Prime Minister's Office, the Ministries of Finance and National Economy, and the municipalities. (Local Aid Coordination Secretariat, "Fiscal Sector Working Group Minutes of Meeting, 18 December 2013", March 2014.) Other steps include net hiring freezes and reduction of the outstanding stock of debt to commercial banks.

⁵ Total revenue was above target in part as a result of financial incentives for pre-payment of value added taxes as well as an increase in clearance revenue.

⁶ These are on a commitment basis. (Ministry of Finance, "Monthly Reports for 2014: Fiscal Operations - Revenues, Expenditures and Financing Sources", various periods, available from www.pmf.ps)

⁷ The budget released by the PA in early 2014 foresaw an overall deficit of \$1.6 billion for the year. The International Monetary Fund (IMF) projected a reduction in external budget support to close to \$1.2 billion and a financing gap of almost \$0.3 billion. These figures are likely to change with the effects of the war in the Gaza Strip.

⁸ These are on a commitment basis. (Ministry of Finance, "Monthly Reports for 2014: Fiscal Operations - Revenues, Expenditures and Financing Sources", various periods, available from www.pmf.ps)

⁹ According to the World Bank, the ranking of the West Bank and Gaza economy on the Ease of Doing Business Index improved from 145 (out of 189) in 2013 to 138 in 2014, mainly due to improvements in the ease of starting a business. (World Bank, "Ease of Doing Business 2014 – Economy Profile: West Bank and Gaza", 2013, available from www.doingbusiness.org)

¹⁰ Furthermore, "the movement of people and goods into and out of the Palestinian territories, and within the West Bank, is severely limited by a multi-layered system of physical, institutional, and administrative impediment. Physical barriers are compounded by unpredictable regulatory measures and practices - notably the large list of "dual use" items that cannot be imported because Israel regards them as a security risk -- and by limited access to water and to the electromagnetic spectrum." (World Bank, "Area C and the Future of the Palestinian Economy", October 2, 2013, p3, available from www.worldbank.org/en/country/westbankandgaza)

¹¹ The daily situation reports provided updates on the situation of health facilities (number open, damaged, closed) and health personnel (able or unable to go to work); donations by provider, type and amount; referrals; needs in terms of equipment, medications, disposables, fuel, etc.; health situation in general (e.g. spread of diseases especially in shelters); among other topics.

¹² The Education for All Package is the result of extensive consultations among UN agencies and government and non-government stakeholders. It focuses on capacity development in order to contribute to the improvement of learning environments, ECD services, learning opportunities for children and youth, and the capacity of teachers and education providers. Establishing inclusive and child-friendly education systems is a priority to reach the Education for All goals.

¹³ The treaties and conventions include seven of the nine core human rights treaties plus one of the substantive protocols, as follows: the International Covenant on Civil and Political Rights (ICCPR); the International Covenant on Economic, Social and Cultural Rights (ICESCR); the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); the Convention on the Rights of Persons with Disabilities (CRPD); the International Convention on the Elimination of All Forms of Racial Discrimination (CERD); the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT); the Convention on the Rights of the Child (CRC); the Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict (CRC-OPAC). The others are: the International Convention on

the Suppression and Punishment of the Crime of Apartheid; the four Geneva convention of 12 August 1949 and the first additional protocol; the Vienna Convention on Diplomatic Relations; the Vienna Convention on Consular Relations; the Hague Convention (IV) respecting the Laws and Customs of War on Land and its Annex; the Vienna Convention on the Law of Treaties; the UN Convention against Corruption (UNCAC); the Convention on the Prevention and Punishment of the Crime of Genocide.

¹⁴ Output 2.5 in the United Nations Development Assistance Framework (UNDAF) 2014-2016 is: “Palestinian institutional capacity is strengthened to implement, promote and monitor commitments with respect to international legal instruments, including on human rights and ratified conventions on culture”. Output 2.4 encompasses support for the revision of legislation to be in line with international standards.

¹⁵ Data for the oPt and the West Bank in this report exclude East Jerusalem unless otherwise specified, due to the unavailability of data.

¹⁶ As recently explained by the IMF: “Growth [in the oPt] was strong during 2007–11, buoyed by large inflows of donor assistance and some easing of Israeli restrictions on movement and access. Growth started to decelerate sharply in 2012, reflecting lower donor assistance and the lack of further easing of restrictions.” (IMF, “Report on Macroeconomic Developments and Outlook”, 30 June 2014, p.4, available from www.imf.org/external/country/wbg/rr)

¹⁷ Calculations based on PCBS, “Preliminary Estimates of Quarterly National Accounts”, various periods, available from www.pcbs.gov.ps. See also World Bank, “Gaza Factsheet”, 14 August 2014, available from www.worldbank.org/en/country/westbankandgaza.

¹⁸ Palestinian Monetary Authority, “The Monthly PMA Business Cycle Index – August 2014”, 20 August 2014, www.pma.ps.)

¹⁹ PCBS, “Labor Force Survey”, various periods, available from www.pcbs.gov.ps. Labour force participation was 46.4 per cent in the West Bank and 44.7 per cent in the Gaza Strip in the second quarter of 2014.

²⁰ According to the International Labour Organization (ILO), discouraged workers are working age people without work, who are available for work but did not seek work during the reference period (and therefore could not be classified as unemployed) because they felt that no work would be available to them. Discouraged workers give a broader measure of the unutilised supply of labour. Discouraged implies a sense of “giving up”, meaning the discouraged worker has simply given up any hope of finding work for reasons such as s/he feels s/he lacks the proper qualifications, s/he does not know where or how to look for work, or s/he feels that no suitable work is available. The discouraged worker, therefore, could be said to be “involuntarily” inactive. In the second quarter of 2014, 6.4 per cent of employed persons were underemployed, and the average period of unemployment was 13.3 months. (PCBS, “Labor Force Survey Results”, various periods.)

²¹ See for example UNSCO, “Socio-Economic Report Supplement”, January 2011 and IMF-ILO, “Background Document on the Challenges of Growth, Employment and Social Cohesion”, 2010

²² PCBS/FAO/UNRWA/WFP, “Press Release: Food Insecurity in Palestine Remains High”, 2 June 2014. The proportion of food secure households increased from 24 per cent to 35 per cent.

²³ This is exacerbated by limited productive capacity and weak asset base of vulnerable families, particularly farmers, herders and fishers.

²⁴ PCBS/FAO/UNRWA/WFP, “Press Release: Food Insecurity in Palestine Remains High”, 2 June 2014.

²⁵ PCBS, “Preliminary Estimates of Quarterly National Accounts”, various time periods, available from www.pcbs.gov.ps.

²⁶ In addition to GDP growth decreasing, the value of goods exports as a proportion of GDP declined from 16.1 per cent in the first quarter of 2013 to 15.4 per cent in the first quarter of 2014.

²⁷ PCBS, “Labor Force Survey Results, April –June 2014”, 2014 available from www.pcbs.gov.ps.

²⁸ This number exceeds the number of permits issued by Israel, implying that not all these West Bank residents had a permit to work in Israel or settlements. According to PCBS estimates, 85,200 West Bank residents worked in Israel and 24,200 worked in Israeli settlements in the West Bank, 38,000 without permit (others had a permit, had Israeli ID or a foreign passport).

²⁹ This excludes those working in Israel and settlements.

³⁰ PCBS/FAO/UNRWA/WFP, “Press Release: Food Insecurity in Palestine Remains High”, 2 June 2014.

³¹ Maan News, “Tourism Sector Suffers Decline in Face of Gaza Assault”, 17 August 2014. Also, according to the “Comparative Statistical Report on Inbound and Domestic Visitors for the month of July during the years (2008-2014)” by the Ministry of Tourism and Antiquities, the number of visitors to Palestine excluding East Jerusalem in July 2014 was 12 per cent lower than in July 2013, and a further reduction of 22 per cent was observed in August compared to July 2014.

³² PCBS, “Labor Force Survey Results”, various periods, available from www.pcbs.gov.ps. The rise in unemployment in the Gaza Strip could be traced mainly to the loss of jobs in the construction sector following the destruction of smuggling tunnels with Egypt and restrictions on the import of construction materials.

³³ PCBS/FAO/UNRWA/WFP, “Press Release: Food Insecurity in Palestine Remains High”, 2 June 2014 and PCBS, “Economic and Social Conditions Survey 2012 – Main Findings”, August 2013.

³⁴ For example, there was a 10 per cent increase in the average price of food and soft drinks between June and August 2014. (PCBS, “Monthly Consumer Price Index”, various months, available from www.pcbs.gov.ps).

³⁵ For example, the significant damages and losses to the agriculture sector have considerably reduced the productive capacity of the 24,000 Palestinian families in the Gaza Strip (over 150,000 people) dependent on agriculture and fishing. While they are in need of immediate help to preserve their essential consumption and access to services, it is equally essential to provide immediate assistance to the restoration of their productive capacity so that they can be self-reliant from the next cropping season.

³⁶ Unless otherwise noted, the data in this section are obtained from OCHA.

³⁷ On 13 April, the Government of Israel retroactively approved legalizing a West Bank outpost in Gush Etzion, appropriating private Palestinian land. In another worrisome development, it granted settler access to a disputed Hebron building, which Palestinians have over the years argued in court was purchased illegally. In 2014 the Israeli Jerusalem Municipality approved plans to build a Jewish religious school in the Sheikh Jarrah neighbourhood in East Jerusalem. In April Israel announced plans to expropriate approximately 1,000 dunams in the Bethlehem area. On 31 August Israel announced plans to expropriate 4,000 dunams (1,000 acres) of Palestinian land near the settlement of Gva’ot west of Bethlehem, and allowed 45 days for any appeal.

³⁸ According to the Israeli Central Bureau of Statistics (CBS), in 2013 there were 2,534 private and public construction starts in settlements in the West Bank excluding East Jerusalem, compared to 1,133 in 2012 (CBS, “Time-Series Databank”, available from www.cbs.gov.il, accessed on 2 September 2014).

³⁹ Israeli Security Forces have also been targeted in such attacks. Attacks on holy sites during the reporting period include smashing of stones at a Christian cemetery in Jerusalem in September, graffiti in a mosque in Burqa in October, graffiti in a Muslim cemetery in Jerusalem in November, graffiti in a mosque in Baqa al-Gharbiyya in December, fire and graffiti in a mosque in Deir Istiya in January, defacing of graves at a Muslim cemetery in Jerusalem in April, and graffiti on church-owned property in Jerusalem in May.

⁴⁰ In 2013, a total of 27 Palestinians were killed by Israeli forces in the West Bank, and 3,732 were injured. Between 1 January and 25 August 2014, preliminary data suggest that the numbers were 39 and 4,110, respectively.

⁴¹ These demonstrations took place first in the context of an increase in search and arrest operations that followed the abduction and killing of three Israeli youths near Hebron, and subsequently in protest of the abduction and killing of a Palestinian boy in East Jerusalem and the Israeli military operation in the Gaza Strip. Since prior to the kidnapping and killing of three Israeli youths in the West Bank on 12 June 2014, a total of 1,454 search and arrest operations have been recorded and around 2,100 Palestinians were arrested.

⁴² According to the Government of Israel, a special police unit has been established to deal with ‘price tag’ attacks.

⁴³ It is estimated that 38 children were injured in 362 incidents, and 9,745 trees were uprooted or cut down during the reporting period.

⁴⁴ The dead include Israeli settlers and non-settlers as well as Israeli forces. A total of 104 incidents against Israeli settlers were recorded during the reporting period.

⁴⁵ Three structures were demolished in Area A as a punitive measure, and five were demolished in Area B during military operations. Each demolished structure is counted as a separate structure. The methodology used by OCHA for counting may differ from those used by others. ‘Residential structures’ refers to any structure that serves as a home or housing for people and includes temporary and fixed structures. ‘Livelihood related structures’ includes commercial structures, animal shelters, pens or sheds, greenhouses, mosques, warehouses, etc. ‘Infrastructure’ demolished includes water cisterns and tanks, power or electricity lines, fences, walls and roads. Of the total demolished structures in East Jerusalem, 14 structures were self-demolished by their owners to avoid fines and further financial burden.

⁴⁶ Data available suggest that 966 persons were displaced in Area C and 176 in East Jerusalem following demolitions.

⁴⁷ If completed as planned, the Barrier will be 712 km in length, more than twice as long as the Green Line (323 km). Some 85 per cent of the Barrier’s route runs inside the West Bank, rather than along the Green Line; if completed as planned, the Barrier will isolate 9.4 per cent of the West Bank, including East Jerusalem and No-Man’s Land. (OCHA, “In the Spotlight: 10 Years since the International Court of Justice (ICJ) Advisory Opinion”,

9 July 2014, available from www.ochaopt.org.) According to Israel, its Supreme Court, sitting as High Court of Justice, has carefully considered route of the Barrier in several cases, and Israel has complied with its rulings.

⁴⁸ It is estimated that some 11,000 Palestinians, including students, must pass through checkpoints to access education, health and other services on the Palestinian side of the Barrier. Furthermore, approximately 150 Palestinian communities have land located behind the Barrier, forcing residents to seek special 'prior coordination' or 'visitor' permits to access their land. Permits are not always granted, and access to agricultural land through the Barrier is channelled through gates. As of the 2013 olive harvest, there were 81 gates designated for agricultural access, but only nine opened daily, an additional nine opened for some day(s) during the week in addition to the olive season, and 63 opened only during the olive season, an approximate 45-day period annually.

⁴⁹ See OCHA, "Area C Vulnerability Profile", 2013, available from www.ochaopt.org.

⁵⁰ Key sectors are agriculture, Dead Sea minerals exploitation, stone mining and quarrying, construction, tourism, telecommunications and cosmetics. (World Bank, "Area C and the Future of the Palestinian Economy", October 2, 2013, available from www.worldbank.org/en/country/westbankandgaza)

⁵¹ According to the World Bank, in 2009, the poverty rate among the unemployed in the oPt was 36 per cent and it was 17 per cent among the employed. A similar pattern is observed in the West Bank and the Gaza Strip separately (see World Bank, "Coping with Conflict: Poverty and Inclusion in the West Bank and Gaza", 16 October 2011, available from www.worldbank.org/en/country/westbankandgaza) According to the PCBS/FAO/UNRWA/WFP "Socio-Economic and Food Security Survey 2012", 21 per cent of heads of food insecure households in the West Bank were unemployed, compared to only 5 per cent of heads of food secure households.

⁵² Rawabi is an \$850 million private investment project designed as a modern city with high environmental standards that will offer affordable high quality-of-life housing opportunities for more than 5,000 families. The Rawabi project has faced several difficulties, including in obtaining a permit for the construction of an access road and the allocation of sufficient water for its future residents. The main water pipeline for Rawabi requires the approval of Israeli authorities through the Israeli-Palestinian Joint Water Committee, which has failed to convene over the past two years to discuss water needs. Inability of the city to connect to water is the main reason now deterring the residents to move into the city. (Rawabi Home Newsletter, "Initial Rawabi Residents are Delayed Due to Lack of Water", Winter 2014 Edition). Once the water issue is resolved, it would take about four more months to complete construction, which began in 2011. Because of the inability to collect until apartments are delivered, if the project continues to slow down and if additional funds sought from Qatar and other financiers do not come in, the project will totally shut down by early 2015. (The New York Times, "New Palestinian Town in West Bank Awaits Israeli Approval for Water", 26 August 2014).

⁵³ Outline plans have sometimes been called master plans, for example in previous AHLC reports.

⁵⁴ The package includes interventions that are expected to help restore significant economic activity, especially in marginalized areas with productive potential.

⁵⁵ A survey conducted by the Jerusalem Institute for Israel Studies in 2006 found that those living beyond the wall in areas adjoining Jerusalem changed their shopping habits significantly after the construction of the Barrier, with "a sharp drop in the percentage of those who shop in East Jerusalem, on Saladin Street and in the Old City (from 10% to 3%, and from 8% to 1%, respectively." (Jerusalem Institute for Israel Studies, "The Security Fence around Jerusalem: Implications for the City and its Residents", 2006, p72). At the same time, these consumers increased their purchasing activity in areas that do not require passing through the Barrier or checkpoints from 25 per cent to 51 per cent.

⁵⁶ It is estimated that The East Jerusalem economy was reduced to 7 per cent of the total oPt economy by 2010, down from 14-15 in the pre-Intifada period. The economy of East Jerusalem depends on the rest of West Bank to sustain its production and trade of goods and services and for employment, but Israeli restrictions on the movement of good and people from elsewhere in the oPt to the city have gradually severed its economy from the rest of the Palestinian economy. At the same time, the East Jerusalem economy is dependent on the Israeli economy as a source of employment and trade and a channel for tourism to the city, but it is not structurally integrated into it. (UNCTAD, "The Palestinian Economy in East Jerusalem: Enduring Annexation, Isolation and Disintegration", 2013.)

⁵⁷ Jerusalem Institute for Israel Studies, "Jerusalem: Facts and Trends 2014", 2014, available from www.jiis.org.

⁵⁸ Israel/Palestine Center for Research and Information, "Need Analysis: Downtown East Jerusalem Business", Spring 2013.

⁵⁹ According to the Jerusalem Institute for Israel Studies: "The poverty rates within the Palestinian population of Jerusalem are very high: 77% of families are below the poverty line, compared with 21% of Jewish families

in the city.” (Jerusalem Institute for Israel Studies, “Statistical Column: Palestinian Residents of Jerusalem”, 13 August 2014, available from www.jiis.org)

⁶⁰ WHO, “The Wall: Ten Years of Dividing Palestinians in the oPt and Restricting Health Care”, 7 July 2014.

⁶¹ According to COGAT, in 2013, a total of 225,410 medical related permits were issued for West Bank ID holders: 100,145 for patients, 121,967 for family members accompanying patients, and 3,298 for visiting patients. (COGAT, “Focus on Healthcare”, 2014.) These patients go to hospitals in Israel and in East Jerusalem.

⁶² Referrals to East Jerusalem hospitals from the Gaza Strip were 30 per cent higher in the first half of 2014 than in the first half of 2013. (WHO, “Referral of Patients from the Gaza Strip”, various periods.) According to data from MoH and the General Authority of Civil Affairs, MoH referrals to East Jerusalem hospitals of patients from the Gaza Strip and rest of the West Bank increased from 22,605 (40 per cent of all referrals) in 2011 to 26,850 in 2013 (44 per cent of the total).

⁶³ According to the Jerusalem Institute for Israel Studies, housing density was 1.9 persons per room for Arabs in Jerusalem in 2011, compared to 1.0 person per room for Jews. Conversely, there were on average 13 square metres (m²) per person in neighbourhoods with a majority Arab population compared to 24 m² per person neighbourhoods with a majority of Jewish population. (The Jerusalem Institute for Israel Studies, “Statistical Yearbook 2013”, 2014)

⁶⁴ OCHA, “East Jerusalem: Key Humanitarian Concerns”, Update August 2014, available from www.ochaopt.org.

⁶⁵ Preliminary data consolidated by the ‘oPt Protection Cluster’, which brings together representatives of humanitarian organizations working on protection issues in Palestine, suggest that of 2,131 Palestinians killed, 1,473 were identified as civilians (of whom 501 are children and 257 women). The data are based on preliminary information, and are subject to change based on further verifications. (OCHA, “Gaza Emergency Humanitarian Snapshot”, 4 September 2014, available from www.ochaopt.org.)

⁶⁶ Rapid assessments found that many internally displaced persons in shelters and staying with host families encountered a series of problems, including: overcrowding and lack of privacy; lack of adequate sanitation and hygiene; insufficient access to water and lack of electricity; insufficient food supply; health concerns including, communicable diseases, a lack of medical staff in shelters and a lack of medication and health care for chronic diseases affecting the elderly in particular; shortage of non-food items.

⁶⁷ Although the extent of contamination with explosive remnants of war has not been determined at this point, it is estimated that thousands of explosive remnants of war have been left in areas affected by conflict, posing a major threat to civilians.

⁶⁸ That was the third tunnel discovered in a year. Hamas’ senior leadership claimed responsibility for the construction, suggesting its potential use for kidnapping operations to facilitate the release of Palestinian prisoners.

⁶⁹ Preliminary data suggest that approximately 13 per cent of the housing stock was affected. Five per cent of the housing stock is considered uninhabitable - an estimated 18,000 housing units have been either destroyed or severely damaged, leaving more than 108,000 people homeless. (OCHA, “Gaza Emergency Situation Report”, 28 August 2014, available from www.ochaopt.org)

⁷⁰ Before the start of hostilities, the Gaza Strip was supplied with electricity from three sources: purchases from Israel (120 MW) and from Egypt (28 MW), and production by the Gaza Power Plant (GPP) (60 MW). (OCHA, “Gaza Crisis Appeal 2014”, August 2014, available from www.ochaopt.org)

⁷¹ This includes diarrhoea. (UNICEF, “Protecting Children from Unsafe Water in Gaza Strategy, Action Plan and Project Resources”, March 2011.)

⁷² See the Office of the Quartet Representative’s “Initiative for the Palestinian Economy (IPE)” and Al-Yaqubi, Ahmad. 2006. Sustainable Water Resources Management of Gaza Coastal Aquifer, Palestine. Paper presented at the 2nd International Conference on Water Resources and Arid Environments. Available from www.icwrae-psiipw.org.

⁷³ According to the World Bank: “The loss of access to the Israeli and West Bank markets by Gaza exporters due to the Israeli blockade of Gaza since 2007 was devastating to the Palestinian economy. The closure of these markets sent a shock wave through the Palestinian private sector from which the private sector in Gaza has yet to recover.” (World Bank, “West Bank and Gaza Investment Climate Assessment – Fragmentation and Uncertainty”, September 2014’, p.35)

⁷⁴ For the agriculture sector alone, initial findings estimate that the losses of assets amount to \$450 million. FAO estimates that the fishing sector already lost almost ten percent of its annual catch.

⁷⁵ Before the closure such trade played a key role in supporting economic activity, with 76 per cent of manufactured furniture products, 90 per cent of garments and 20 per cent of food products marketed for

destinations outside the Gaza Strip. (OCHA, "Humanitarian Monitor Monthly Report", April 2013, available from www.ochaopt.org)

⁷⁶ By comparison, goods exports from the West Bank represented 15 per cent of GDP in the first quarter of 2014. (PCBS, "Preliminary Estimates of Quarterly National Accounts", various quarters, available from www.pcbs.gov.ps). According to PCBS, some of the main service exports from the Gaza Strip include communications, construction and travel services. Export levels for flowers, and herbs were lower in the first eight months of 2014 than of 2013 (1,928 thousand stems and 12,020 kg compared to 3,601 thousand stems and 12,834 kg, respectively), although fruit and vegetable exports were higher (250.4 tonnes compared to 182.7 tonnes). Furniture exports did take place occasionally, and palm fronds were exported to Israel in August 2013. Biscuits were exported to Italy in 2014. (UNSCO, "Socioeconomic Report", various periods, available from www.unsco.org) Agricultural products were destined mainly to Europe, and the US between January and August 2014, with some products going to Russia. The few furniture exports in April 2014 were destined to Ukraine. Biscuits were exported to Italy in May 2014. (UNSCO, "Socioeconomic Report", various periods, available from www.unsco.org)

⁷⁷ These markets absorbed 85 per cent of the products sold outside the Gaza Strip before the closure. (Gisha, "The Gaza Cheat Sheet", July 2013, available from www.gisha.org.) Difficulties in exploring new markets and high transaction and transportation costs associated with other destinations cripple the competitiveness of Gazan producers, who already struggle with high production costs.

⁷⁸ According to the EU, "the system of transfer of goods through Kerem Shalom ("double back-to-back") is costly, heavy and not appropriate for delicate agricultural products. As a result, less than one truckload/day on average exited Gaza in the first half of 2013, compared to 38 during the first half of 2007". (EU, "EU Heads of Missions' Report on Gaza", 2014).

⁷⁹ The number of registered fishermen declined from about 10,000 in 2000, to only 3,500 in 2013, about 95 per cent of which receive international aid. The foregone fish catch resulting from access restrictions between 2000 and 2012 is estimated at approximately 1,300 metric tonnes on average per year. (OCHA, "Access Restricted Areas in the Gaza Strip", July 2013. OCHA, "Case Study: Gaza's Fishermen", July 2013, available from www.ochaopt.org.)

⁸⁰ Before the latest conflict the Gaza Strip already faced a shortage of almost 200 schools and two-thirds of schools operated on double shifts, limiting students' classroom time to only four hours/day. There was also a high student-to-classroom ratio.

⁸¹ According to a study conducted by UNICEF, classes in the Gaza Strip are crowded, with an average of 35.8 students per basic education class and 35.7 students per secondary education class. Furthermore, whereas the boy student-to-toilet ratio is acceptable in schools in the Gaza Strip, the student-to-toilet ratio for girls is more than double international standards. (UNICEF, "School Water, Sanitation and Hygiene Knowledge, Attitudes and Practices Survey", October 2012.)

⁸² According to the MoEHE assessment conducted in early August, 22 schools were totally destroyed and 118 schools were damaged. UNRWA has reported at least 75 damaged school buildings. Many higher education facilities, for example the Islamic University in Gaza, were also affected.

⁸³ One hundred UNRWA and 25 public schools were used as temporary shelters at the height of the conflict. (OCHA, "Gaza Crisis Appeal, Update September 2014", September 2014, available from www.ochaopt.org)

⁸⁴ The school year was slated to start on 24 August 2014. At that time the conflict was still ongoing and, in addition to a high number of schools being destroyed or damaged, 103 were being used to shelter 330,000 internally displaced people. (UNICEF, UNESCO and Save the Children, "Gaza school year hit by resumption in hostilities", 24 August 2014). The school year finally started on 14 September.

⁸⁵ Initial rapid assessments suggest that a large proportion of students and teachers are in need of psychosocial support. This is the focus of the first weeks of the school year in both UNRWA and MoEHE education facilities.

⁸⁶ See for example, WHO, "WHO expresses concern over the Gaza humanitarian health crisis", 8 December 2013.

⁸⁷ WHO, "Referral of Patients from the Gaza Strip – Monthly Report April 2014", 26 May 2014, available from www.emro.who.int/pse.

⁸⁸ WHO, "Situation Report #11, 29 August – 4 September 2014", 5 September 2014, available from www.emro.who.int/pse.

⁸⁹ The number of permits to cross through Erez issued in May 2014 was 5,681, compared to 2,956 in May. (COGAT, "Gaza Crossing – Monthly Report", various months, available from www.cogat.idf.il)

⁹⁰ Of those 465 casualty patients, 233 exited through the Rafah crossing to Egypt and 232 through the Erez crossing.

⁹¹ The number of referrals during July 2014 was much lower than the monthly average (580 in July compared to 1,805 in June, for example), due to the severe security restrictions on movement within the Gaza Strip and MoH priorities during the emergency. ("Situation Report #10, 23-28 August 2014", 28 August 2014)

⁹² This paper benefited from a range of consultations with a number of organizations including the World Bank.

⁹³ UN Country Team in the oPt, "Gaza in 2020: A liveable place?", August 2012. Retrieved at: www.unsco.org/Documents/Special/Gaza%20in%202020%20a%20, %20liveable%20place%20English.pdf.

⁹⁴ The Gaza Strip currently receives 124 MW from Israel, an additional 35 MW from Egypt and approximately 55 MW from the Gaza Strip's only power plant. The 55 MW produced in the Gaza Strip have, since December 2013, been produced with fuel subsidies valued at approximately \$10 million per month.

⁹⁵ As per projections calculated by the Office of the Quartet Representative-led IPE.

⁹⁶ It is estimated that debts of Palestinian municipalities and electricity distribution companies to the IEC amount to approximately NIS1.7 billion. In February 2014, the Palestinian Government established an inter-ministerial committee to restructure the outstanding debts and ensure a reliable settlement of future electricity purchase. An exchange between Palestinian and Israeli officials to reach agreement on this issue is ongoing.

⁹⁷ Increased production at the Gaza Strip's power plant under the current configuration (i.e., usage of solar/diesel fuel) is highly cost-inefficient and can only be justified for limited quantities necessary to maintain a critical supply. In fact, current production costs further increase the gap between the overall cost of electricity and the collection from subscribers and are thus counterproductive in achieving a self-sustainable electricity sector.

⁹⁸ Shomar B., Abu Fakher S., Yahya A., "Assessment of Groundwater Quality in the Gaza Strip, Palestine Using GIS Mapping", *J. Water Resource and Protection*, 2010, 2, 93-104

⁹⁹ As per projections calculated by the Office of the Quartet Representative-led IPE.

¹⁰⁰ PWA, "The Gaza Emergency Technical Assistance Programme (GETAP) on Water Supply to the Gaza Strip: Component 1 – The Comparative Study of Options for an Additional Supply of Water for the Gaza Strip (CSO-G)", July 2011.

¹⁰¹ UNICEF-PHG (2010). *Water, Sanitation and Hygiene Household Survey, Gaza*. UNICEF and the Palestinian Hydrology Group, April 2010.

¹⁰² Office of the Quartet Representative, "Initiative for the Palestinian Economy: Water", April 2014.

¹⁰³ *ibid*

¹⁰⁴ PWA, "Annual Water Status Report 2011", December 2012.

¹⁰⁵ *ibid*

¹⁰⁶ Non-revenue water includes all water that is not paid for, be it due to waste, leakage or theft.

¹⁰⁷ PWA, EIB, Posch and Partners Consulting Engineers in Office of the Quartet Representative, "Initiative for the Palestinian Economy: Water", April 2014.