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

**PALESTINIAN STATE-BUILDING:
A DECISIVE PERIOD**

**Ad Hoc Liaison Committee Meeting
Brussels, 13 April 2011**

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ACRONYMS

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

Overview

The April 2011 Ad Hoc Liaison Committee (AHLC) meeting is the fourth since the release in August 2009 of the *Programme of the Thirteenth Government* of the Palestinian Authority (PA). The plan was welcomed by the AHLC in September 2009 as an important platform for donor coordination, with the focus on developing a sustainable economy and building robust state institutions. The Quartet has supported this plan for building the institutions of a Palestinian state in two years. The April 2011 AHLC meeting is the last expected AHLC meeting before the September 2011 target date for completion of institutional readiness for statehood set by the PA and supported by the Quartet. This is therefore a decisive period for the state-building agenda, and the April meeting is an important moment for taking stock of the economic and institutional issues before the AHLC.

The report concludes that, in the limited territory under its control and within the constraints on the ground imposed by unresolved political issues, the PA has accelerated progress in improving its governmental functions. **In six areas¹ where the UN is most engaged, governmental functions are now sufficient for a functioning government of a state. This reaffirms the World Bank's assessment in September 2010, noted by the Quartet, that 'if the PA maintains its current performance in institution-building and delivery of public services, it is well positioned for the establishment of a state at any point in the near future'.** This is a significant achievement arising from the commitment of the PA and strong donor backing. In parallel, Israeli measures to facilitate movement and access have also supported economic activity.

When released, the *Palestinian National Plan* (PNP) 2011-2013, will lay the basis for additional improvements in PA institutions, and the UN looks forward to aligning its future programming accordingly. A donors' conference held at the appropriate time in 2011 will provide an opportunity to reinforce support for the PNP. In addition, it will also be critical to ensure that the PA's recurrent external financing needs in 2011 (estimated at just under US\$1bn) are met in a timely and predictable manner.

Despite the progress achieved, the key constraints to the existence and successful functioning of the institutions of a potential State of Palestine arise primarily from the persistence of occupation and the unresolved issues in the Israeli-Palestinian conflict. This, together with the continuing Palestinian divide, deprives the PA of the ability to extend its institutional authority to areas outside its reach, and of key attributes of statehood which enable a government to deliver to its people. Accordingly, **the institutional achievements of the Palestinian state-building agenda are approaching their limits within the political and physical space currently available, precisely at the time that it is approaching its target date for completion.**

In particular, **whilst some progress has been achieved on the ground, including through a package of Israeli measures agreed by Prime Minister (PM) Netanyahu and Quartet Representative (QR) Blair on 4 February,² space for real progress regarding Area C and East Jerusalem remains very limited due to persistent measures of occupation, the lack of sufficient meaningful Israeli enablement steps on the ground on these issues, and the lack of progress in resolving final status issues in Israeli-Palestinian political negotiations. Nor is space available in Gaza due to the Palestinian divide. These areas remain outside of the control of the PA, but essential to building a Palestinian state.**

In the **West Bank**, improvement of security, coupled with improvements in access for goods and people in a number of areas, was recorded since the AHLC last met, as were some Government of Israel (Gol) efforts to facilitate access to basic services. However, in **Area C and East Jerusalem** in particular, measures of occupation continue to challenge Palestinian movement and access, hinder basic service provision to Palestinians, and undermine the development of resources. Human rights concerns persist on many fronts related to the conditions of the Palestinians under occupation, while security incidents of several kinds continue to affect both Israelis and Palestinians. The current situation continues to constrict sustainable economic growth, development, equity in service delivery, and infrastructure development – and the confidence of citizens in the ability of their government to ensure their basic rights. This report therefore concludes that, **notwithstanding Gol steps to facilitate economic growth and some development, measures of occupation which stifle Palestinian life are not being fundamentally rolled back by more far reaching Israeli actions to match the progress of the state-building programme.**

It is vitally important that the state-building and political processes be brought into alignment by September 2011. This remains the PA target date for completion of institutional readiness for statehood supported by the Quartet, complementing the target set by the parties in September 2010 for seeking a negotiated framework agreement on permanent status within one year. In this context, it is of the utmost importance that the parties overcome the current impasse and return to negotiations to seek a framework agreement on permanent status that resolves all core issues, ends the occupation that began in 1967, ends the conflict and realizes the two State solution, and the UN will continue to engage within the framework of the Quartet to further this vital objective. On the ground, to advance the agenda of the AHLC, it is essential that the PA continues to implement its agenda and that these efforts are matched by more far-reaching Israeli measures to facilitate economic and institutional progress than those taken to date. The report therefore concludes that **the primary focus as we enter the final months of the Programme of the Thirteenth Government is to address the physical and political factors that constrain this Programme from realising its full potential.**

An additional concern remains the lack of PA presence in Gaza, resulting in a disconnect between Gazans and many PA institutions. Since the last AHLC, socio-economic, human rights and security conditions remained of concern, given Israeli closure measures, misguided *de facto* governance and lack of Palestinian unity based on the Palestine Liberation Organization (PLO) commitments, Palestinian militant activity, smuggling of weapons, and Israeli military operations. On a positive note, there was continued progress in the implementation of the Israeli Security Cabinet announcement of 20 June and the announcement of 8 December 2010, both important for recovery in Gaza. There were some signals of recovery and other positive developments during the reporting period, including real GDP growth of 15 percent, increased volume of non-food imports, increased average annual sales of Gaza businesses, and further approvals of UN and other international projects. A steady flow of new approvals for UN construction/reconstruction works in Gaza and a streamlining of coordination procedures with the Gol will be key. Greater liberalisation of the import of construction materials through the legitimate crossings into Gaza (including aggregate, iron bars and cement) is increasingly important for recovery. On Gaza, the UN continues to be guided by the framework of Security Council Resolution 1860 and the fundamental goals laid out therein. The lifting of the closure remains a central objective.

However, modest recovery efforts amidst a fragile and oft-breached calm, a continuing closure regime, and a persistent Palestinian divide fall short of what is required to lay the economic and institutional basis for statehood throughout the occupied Palestinian territory – in particular in Gaza. The progress that has been achieved by the PA must be more meaningfully connected to all areas of *de jure* PA responsibility and to all Palestinian citizens.

The UN has noted with much interest that President Abbas and Prime Minister Fayyad have strongly supported efforts to achieve progress towards unity. The UN will continue to look for real progress towards reunification of Gaza and the West Bank within the framework of the Palestinian Authority and the commitments of the Palestine Liberation Organization.

This report's analysis and recommendations build on the UN's April and September 2010 reports to the AHLC. Whilst there has been some progress in the implementation of a number of the previous recommendations, both by the parties and AHLC members, many of the areas remain relevant to achieving further progress. (See Annex I for the recommendations from these reports).

Introduction

Since the AHLC last met in September 2010, the PA has further accelerated progress in building the structures of a future Palestinian state, as outlined in the *Programme of the Thirteenth Government*. As this *Programme* concludes in September 2011, this meeting of the AHLC provides an opportunity to reflect on developments in the situation on the ground, and to review progress achieved in strengthening key PA institutions and functions. This report is therefore divided into two sections:

The first section reviews the situation over the last five months (the reporting period is 21 September – 20 February unless otherwise noted), including recent advances and the remaining challenges on the ground, with particular reference to the recommendations set out in the UN's April and September 2010 reports to this Committee (Annex 1).

The second section summarises the PA's progress in six areas where the UN is most engaged and which will be central to the functioning of a future Palestinian state; these include:

1. governance, rule of law & human rights;
2. livelihoods & productive sectors;
3. education & culture;
4. health;
5. social protection; and
6. infrastructure & water.

Progress in each of these six areas is detailed in Annex 2.

In six areas where the UN is most engaged, governmental functions are now sufficient for a functioning government of a state. This reaffirms the World Bank's assessment in September 2010, noted by the Quartet, that 'if the PA maintains its current performance in institution-building and delivery of public services, it is well positioned for the establishment of a state at any point in the near future'. This is a significant achievement arising from the commitment of the PA and strong donor backing. In parallel, Israeli measures to facilitate movement and access have also supported economic activity.

1. Situation on the Ground: Occupied Palestinian Territory

To provide the context in which the PA state-building agenda and institutional and economic efforts are being pursued, this section highlights major developments and trends in the occupied Palestinian territory, covering the period between 21 September and 20 February unless otherwise indicated.

West Bank

It should be noted that, within the Oslo framework, the Palestinian Authority's administrative and security responsibility in the West Bank extends only to Area A, including major Palestinian population centres other than occupied East Jerusalem. The PA also has administrative responsibility in Area B, while Israel retains security responsibility. All parts of Area C (62 percent of the West Bank) remain under Israeli administrative and security control. When combined with measures of occupation and security procedures, especially around settlements, the current situation leaves Palestinians significantly constrained in terms of movement of people and goods and access to land.

There have been improvements in the economic situation: Palestinian GDP growth in the West Bank reached an estimated 8 percent in 2010, reflecting continued public expenditure, directed by PA management and reform efforts, and donor support. In parallel, Israeli measures to facilitate movement and access have also supported economic activity.

The capacity of the PA security forces (PASF) continued to increase, in order to maintain law and order and promote security in Area A, towards meeting Roadmap commitments.³ Taking stock of these efforts, the Secretary-General has noted that a reliable security partner has emerged.⁴ There is increased coordination between Israeli and Palestinian security forces, and the Gol agreement to authorize the opening of an additional seven police stations in Area B is welcome.⁵ However, Israeli incursions in Palestinian controlled areas have continued, albeit at a lower rate than in the previous reporting period.⁶ Israel cites security concerns for operations in Area A, but such operations undermine the PA. The increasing capacity of the PASF and the confidence it inspires is of the utmost importance to the Palestinians, and also provides an important basis for further easing of restrictions on movement and access and the facilitation of PA efforts in Area C.

However, violence led to civilian casualties and heightened tensions. During the reporting period, twelve Palestinians, including ten civilians, among them two children, were killed and 545 other Palestinians, including 114 children, were injured in the West Bank. These were either the result of IDF actions citing security concerns, or due to settler violence, the number of incidents of which rose by approximately ten percent during the reporting period.⁷ In an incident deplored by the United Nations and for which the Israeli authorities expressed regret, a 65 year old Palestinian man in his bed was killed by the IDF on 7 January during an operation in Hebron. Also in January, Palestinian civilian fatalities at a checkpoint and during anti-barrier demonstrations raised serious concerns.

In the same period, no Israelis were killed, but 29, among them ten civilians, were injured. However, outside the reporting period, in a shocking attack on 11 March, five members of an Israeli family, including three young children, were murdered in their beds in the West Bank settlement of Itamar. On 23 March, one British civilian was killed and 30 injured in a bombing at a bus stop in West Jerusalem. Investigations are continuing into the perpetrators of these attacks. **The UN unequivocally condemned these appalling attacks and called for those**

responsible to be brought to justice and for all to act with restraint. These attacks were condemned by the Palestinian Authority.

Israeli **settlement activity continued in the West Bank, including in East Jerusalem, contrary to international law.** Following the September 2010 expiry of a ten-month partial Israeli settlement moratorium, construction work reportedly began on more than 1,700 units.⁸ The Israeli authorities dismantled infrastructure at certain unauthorized outposts built on Palestinian private land, but the bulk of outposts remain in place. Israel should heed the calls of the international community and the provisions of international law, and fulfil its Roadmap obligations to freeze all settlement activity, including natural growth, and dismantle settlement outposts erected since March 2001.

East Jerusalem

Access constraints between East Jerusalem and the rest of the West Bank persist, which affects social, economic and development linkages. Furthermore, development for Palestinians in East Jerusalem remains constrained.

In particular, access to basic services and the effective functioning of the education and health sectors continue to be affected by the permit regime, checkpoints, the Barrier, and the closure of Gaza. Israel cites security concerns for these measures. Patients who hold West Bank ID cards and East Jerusalem residents now located on the 'West Bank' side of the Barrier in particular face bureaucratic and physical difficulties in accessing East Jerusalem, which can result in delays for the entry of patients and ambulances. Such obstacles can also impact the ability of Palestinian medical staff – who comprise the majority of medical personnel in the six East Jerusalem hospitals – to access their workplaces in East Jerusalem, to the detriment of patients and hospitals. Regarding the impact of the access constraints on education, teachers and pupils with West Bank ID cards can face delays in accessing schools in East Jerusalem.⁹ Improved access to East Jerusalem from the rest of the West Bank is important for basic service provision.

In East Jerusalem, the Israeli planning and building regulatory framework continues to constrain Palestinian growth and affect service delivery.¹⁰ The planning framework to meet Palestinian residents of East Jerusalem with basic housing and infrastructure needs is inadequate. Only 13 percent of the annexed municipal area is currently zoned by the Israeli authorities for Palestinian construction, much of which is already built-up. According to the Israeli Ministry of Justice (MoJ), some outline plans have been adjusted, and additional outline plans are under development, to help meet the needs of Palestinian East Jerusalem residents. However, increased effective participation of Palestinian East Jerusalemites in planning for East Jerusalem is important to ensure that plans respond to current and future needs.

As outlined in previous UN reports to the AHLC, **sufficient housing and lack of adequate education facilities remain of serious concern.**¹¹ The 4 February package of Israeli measures announced jointly by Israeli Prime Minister (PM) Netanyahu and Quartet Representative (QR) Blair included Gol agreement to encourage implementation of housing projects in line with municipal regulations in East Jerusalem. More must be done to ensure that the basic needs of Palestinians can be met.

In a worrying development, there were over twice the number of demolitions of Palestinian structures as compared to the previous five months (58 as compared to 27). These demolitions displaced 91 Palestinians (as compared to 108 in the previous five

months).¹² Thousands of 'unlicensed' homes remain at risk of demolition. Such demolitions have a serious impact on households' security and livelihoods; the UN continues to call for the Gol to cease demolitions.

There were fewer displacements of Palestinians by forcible eviction in East Jerusalem over the past five months (14 Palestinians were evicted as compared to 23), though the practice of eviction remains of deep concern. Hundreds of Palestinians remain at risk of forced eviction in the heart of Palestinian neighbourhoods of East Jerusalem.¹³

Palestinian institutions in East Jerusalem remain closed by Israeli order, notwithstanding Israel's Roadmap obligation regarding reopening East Jerusalem institutions.

Area C

Area C -- under full Israeli administrative and security control – constitutes 62 percent of the West Bank, containing the routes of movement between Palestinian population centres as well as the land and resources fundamental to the sustainability of development and economic growth, and representing the space available for the expansion of Palestinian cities. Area C includes the bulk of Palestinian agricultural and grazing land and the majority of water sources and underground reserves. Moreover, Area C is the underlying frame of territorial contiguity in the West Bank, on which most large-scale infrastructure projects depend. Access for Palestinians to develop this land remains highly restricted. Furthermore, access to basic services, remains a continued concern.¹⁴

Some of the needs identified in the Humanitarian Country Team's Humanitarian Response Plan for Area C (submitted to the Gol in January 2010) to meet a first set of urgent needs in education and water have been addressed through the establishment of some water infrastructure.¹⁵ Further facilitation of this Plan is necessary.

In the 4 February 2011 package agreed between PM Netanyahu and QR Blair, the Gol has committed to prioritising and fast-tracking the construction/reconstruction of a number of schools and health clinics in Area C from the lists submitted by OQR and the United States, after formal submission of requests and plans. Once implemented, this would represent a welcome start in improving access to basic services Palestinian communities.

Overall, the potential for Palestinian development of Area C at the scale required remains heavily constrained.¹⁶ The applicable legal planning framework,¹⁷ and its interpretation are restrictive,¹⁸ while the preparation of permit requests is lengthy and costly. To fundamentally change the dynamic in Area C towards supporting Palestinian development, it is important that the Israeli Ministry of Defense, including the Civil Administration (ICA), ensures a more efficient and effective planning and permitting system that is responsive to Palestinian needs.¹⁹ The Israeli MoJ states that the Israeli Military Commander is enforcing planning and building laws in place prior to 1967, *inter alia*, to safeguard public order in the West Bank.²⁰

Furthermore, increased demolition of Palestinian structures continues to undermine the livelihoods and security of Palestinians in Area C. During 2010, the highest number of demolitions were carried out since the UN began recording in 2005; 82 percent of these were in Area C. Over the reporting period, there were demolitions of 179 structures in Area C, which displaced 292 people, as compared to 193 demolitions that displaced 160 people during the previous five months. Of particular concern is the demolition of basic shelter and livelihood structures (e.g. animal barracks and water cisterns) which has a serious humanitarian impact on Palestinian families and communities.²¹ Due to the serious impact

and implications of such demolitions, the UN continues to call for the Gol to cease all demolitions. For its part, the Israeli MoJ asserts that demolitions are conducted in accordance with due process guarantees, such as the right to a fair hearing and the full opportunity to act towards the legitimization of a building by filing request for a building permit or by proposing a planning amendment.

A specific area which faces particular challenges related to access is the ‘seam zone’, (between the Barrier and the Green Line). The population living in this area continues to face difficulties, including in accessing services, whilst landowners face constraints accessing their land behind the Barrier. Israel cites security concerns for construction of the Barrier; however, the UN has recommended that Israel take heed of the International Court of Justice (ICJ) advisory opinion on the Barrier, including dismantling those portions of the Barrier inside the oPt. The UN also recommends that greater movement and access be facilitated to the ‘seam zone’ in the immediate term.²²

Palestinian access to and development of the rich agricultural resources in the Jordan Valley has not been significantly expanded, which undermines the potential for economic development. Significant areas with vast agricultural potential, mainly in the Jordan Valley, remain closed for military purposes (18 percent of the West Bank) or designated as nature reserves (15 percent of the West Bank). Only roughly four percent of the Jordan Valley area is cultivated by Palestinians (compared to the Palestinian average of 25 percent of other administrative units).²³

Movement and Access

The system of constraints on Palestinian freedom of movement continued to affect movement and access of people and goods into, out of and within the West Bank. However, building on the easing of access restrictions over the past three years, the Gol took further action to support movement and access of goods and people into, out of, and within the West Bank over the past five months. These are welcome measures, which if sustained will continue to support economic development.

The number of movement and access obstacles remains at approximately 500, after declining from 626 during the first quarter of 2009, and some removals in May 2010.²⁴ Though the flow of traffic between major Palestinian cities has improved over the past years, the remaining obstacles continue to block main entrances to a number of cities and towns, constraining access to East Jerusalem, the ‘seam zone’ and the Jordan Valley in particular, and impacting movement, access to services and development.²⁵

During the reporting period, the Gol agreed to issue 5,250 new permits for Palestinians to work in Israel; when distributed these will increase Palestinian access to the Israeli market.²⁶ Working hours at six checkpoints were extended and tourist access via buses has been allowed at all crossings into Bethlehem. There were also an increased number of permits to Jerusalem provided over the Christmas holiday. The extended hours at Allenby crossing have been implemented permanently and Israeli Arabs continue to be allowed to access Palestinian cities.²⁷

There have been some measures to improve the movement of goods; however, the continued system of constraints on the movement and access of goods affects trade and private sector investment, ultimately bearing on sustainable economic growth. Restrictions relate to the crossing of ‘dual use’ materials, delaying the entry of production inputs into the West Bank. Israel cites security concerns for such restrictions. Such delays reduce the efficiency of production. Private sector recovery also requires predictable access

to markets outside the West Bank. In 2010, there was a five percent increase in the export of goods and services from the West Bank to Israel (after it contracted by 30 percent in 2008-2009). In this regard, the on-going Gol expansion of Sha'ar Ephraim crossing is welcome, building on the previous expansion of Jenin and Tarqumyia crossings where there are improvements in the time it takes for goods to cross. The 'known trailer' system has helped relieve congestion at Tarqumyia crossings. Allowing goods through containers at Jalameh would further support improved efficiency at the crossing. Furthermore, through cooperation between the Israeli Ministry of Agriculture and the relevant PA institutions, more predictable access for meat and dairy products into the markets of East Jerusalem from the rest of the West Bank was realised. Greater facilitation of the predictable entry of inputs, and the crossing of goods out of the West Bank, is important to ensure minimal transaction costs are incurred, and to improve the competitiveness of Palestinian products.

The continued macroeconomic improvements in the West Bank, including real GDP growth of 8 percent in 2010, continue to be supported through public expenditure and donor support. Such growth was complemented by earlier easing of closure obstacles implemented by the Gol. Restructuring the economy towards more sustainable growth will require much greater facilitation of the tradable goods sectors.²⁸ The PA has taken some steps over the past five months, such as the creation of the investment law, which will help attract investment in private sector development. The Gol has also taken some measures to ease movement and access. Building on this progress, further measures to improve access to internal and external markets, and support sustainable private sector-led growth, are required.

Gaza

Since the last AHLC, socio-economic, human rights and security conditions remained of concern, given Israeli closure measures, misguided *de facto* governance and lack of Palestinian unity based on the Palestine Liberation Organization (PLO) commitments, Palestinian militant activity, smuggling of weapons, and Israeli military operations.²⁹

The security situation has been characterized by an uneasy calm, which has not prevented many acts of violence and significant tensions between Israel and Gaza, particularly during an escalation in mid-March, leading to casualties. During the reporting period, Palestinian militants, often operating from Palestinian civilian areas, launched 187 indiscriminate rockets and mortars at Israeli civilian areas, while the IDF conducted 49 airstrikes, 63 incursions, and 50 naval strikes at Palestinian targets. One Israeli soldier was killed and another injured in an incident of 'friendly fire'. Five civilians were injured by actions of Palestinian militants including three Israelis and two foreign workers in Israel. A total of 24 Palestinians were killed, including six civilians, and 114 Palestinians were injured (including 87 civilians) by IDF actions. In the most recent escalation, Grad-level rockets were fired towards major Israeli population centres deep in the country, and an Israeli strike for which Israel expressed regret killed three Palestinian children and their uncle and wounded 13 other civilians on 22 March. The Secretary-General has condemned rocket fire at Israeli civilians; he also condemned the killing of Palestinian civilians on 22 March. It continues to be essential for all parties to strictly observe international humanitarian and human rights law, cease acts of violence and demonstrate maximum restraint. The UN has supported efforts to restore a fragile calm, the maintenance of which is essential to protect civilians and enable other concerns to be meaningfully addressed.

The Palestinian Authority is not present in Gaza, resulting in a disconnect between Gazans and many PA institutions.

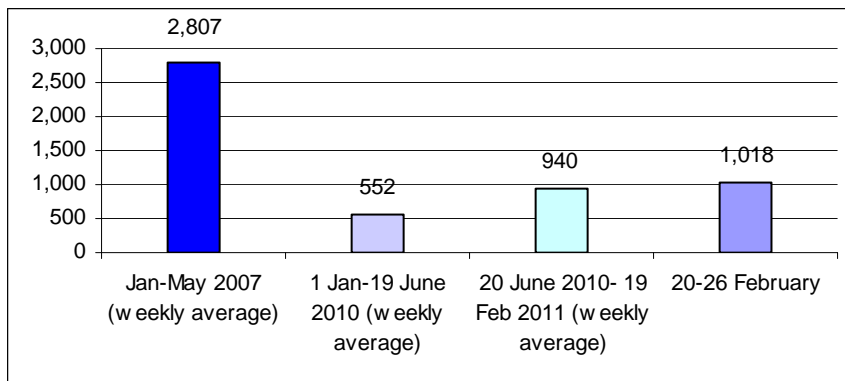
Hamas remains in *de facto* control of the Gaza strip and continues to reject basic principles of the peace process. The *de facto* authorities in Gaza have furthered efforts to place controls on Gazan civil society, closing down several civil associations during the reporting period. On 30 November, the Sharek Youth Forum was issued with a temporary closure order at their offices and on 27 February the *de facto* local authorities took over assets of the Palestinian Investment Fund in Gaza.³⁰ The *de facto* local authorities' forces also clamped down against protestors and targeted students and journalists in mid-March, resulting in many serious injuries. These and other actions give rise to human rights concerns.

Israel continues to pursue a policy based on closure of the Gaza Strip by land and blockade from sea, citing its obligation to protect the security of Israel and its citizens. In this context, the human rights situation of the civilian population, particularly as regards freedom of movement into and out of the territory, remains of serious concern, there are continued humanitarian needs, and recovery is not proceeding at the scale and pace necessary. While the economy shows nascent signs of recovery -- Gaza GDP grew by 15 percent in 2010 (still 20 percent below the 2005 level) -- unemployment remains high (37.4 percent).³¹ **Much more significant progress is necessary.**

A recent report by Paltrade, in cooperation with the Office of the Quartet Representative, has begun to track the impact of the 20 June Israeli policy decisions to adjust its closure regime and allow a greater amount of goods to enter Gaza. Whilst the average annual sales increased from June 2010 to January 2011, they remain only 57 percent of the sales in 2005. Businesses are also currently operating at 50 percent of their capacity, as compared to 2005. Availability of power and raw materials continue to constrain businesses.³² There are some positive signs, including an increase in the average capacity utilization rate – the extent to which factors that contribute to productivity, such as resources, are utilised -- by six percentage points in January 2011.

As reflected in figure 1, the number of truckloads that have entered Gaza has increased since the Israeli policy decision (June 2010), but remains far below the 2007 levels. The volume of non-food imports, including raw materials increased during the second-half of 2010, as compared to the first half; however, the share of non-food items continued to range between 40-50 percent, compared to more than 80 percent before the imposition of the closure.

Figure 1: Number of Imported Truckloads to Gaza



The Secretary-General took positive note of the decision by the Israeli Security Cabinet (8 December) to allow exports from Gaza, consistent with security conditions. The resumption of exports is key to reviving Gaza's economy and its legitimate business sector. During the reporting period, 73 truckloads of strawberries, 17 truckloads of flowers and one tonne of peppers were exported from Gaza.

It is important that the facilitation of exports comprise all commercial goods, subject to security considerations; crossing capacity should be enhanced as necessary to meet export demands; and it is important that goods be able to cross to both to foreign destinations and to the West Bank. Exports remain important to economic recovery in Gaza. According to Paltrade, in 2006, there were approximately 2,500 truckloads of agricultural produce exported from Gaza; in 2010 there were only 215 truckloads. In this regard, the agreement of PM Netanyahu and QR Blair in the 4 February package to further promote exports is welcome. Paltrade reported that 57 percent of businesses are ready to export within months; however, industries reported that the West Bank and Israel are the major export markets,³³ while exports are currently only being allowed to other destinations for certain goods.

It is important that crossing capacity meet the demand for imports and exports, in line with the Israeli policy decision. Current daily import capacity at Kerem Shalom crossing is 250 truckloads and 40 truckloads of wheat/animal feed through a conveyor belt; export capacity is 50 truckloads. Citing security concerns, the Gol closed Karni conveyor belt, and is expanding capacity at Kerem Shalom crossing whilst the PA is expanding the crossing inside Gaza. To ensure the necessary capacity is available, including in the event that Kerem Shalom is closed down for any reason, it is important that infrastructure be maintained at Karni.

The Gol has now approved a total of US\$155.4 m of UN projects involving controlled items (particularly aggregate, iron bar and cement), as part of a flow of construction/reconstruction in Gaza, in line with PA priorities. This is a welcome development. On 15 October, work on 151 Housing Units in Khan Younis was completed. Unfortunately, the UNDP Khan Younis Wastewater Treatment Facility remains underfunded. Donors are asked to consider providing the additional US\$42m to ensure implementation of this critical project.

As outlined in the UN's previous reports to the AHLC (April and September 2010), significant needs remain in the areas of housing, education, health, energy, and water and sanitation.³⁴ A further steady flow of approvals will be needed to meet these critical needs. Donors that pledged funding in Sharm El Sheikh for the reconstruction of Gaza are encouraged to begin seeking avenues for expenditure, including through the PA/UN oPt Multi-donor Trust Fund (see Section II below).

To enable the approved programme of work to move forward, coordination arrangements for the entry of material must be streamlined. There has been a consistent gap between the entry of material requested and that which actually enters the Gaza strip. In recent weeks, positive steps have been taken to address this gap, including Gol approval of a one-time opening of Sufa crossing to allow UNRWA to move in 40,000MTs of aggregate previously stored at the border to Gaza; at the time of writing, over 51,000MTs had been moved into Gaza. In light of increased transfers occurring at Kerem Shalom, longer-term improvements in Gol coordination procedures will help ensure that construction material can enter in a smooth and predictable manner, without adversely affecting the entry of other goods. Discussions are currently ongoing regarding development of weekly schedules to address any projected gaps in the delivery of material, as well as improving communication procedures and expediting responses to requests for the entry of material.

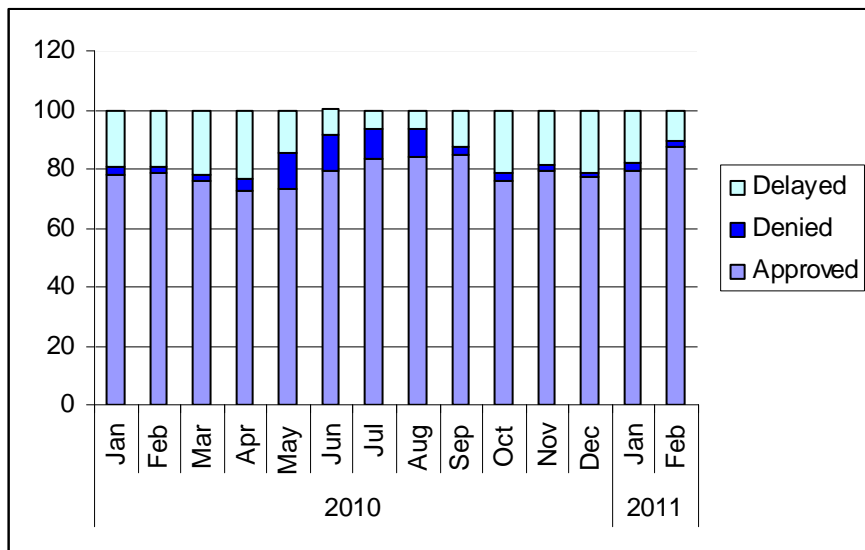
Greater liberalisation of the import of construction materials through the legitimate crossings into Gaza (including aggregate, iron bars and cement) is increasingly important for recovery. Since the 20 June Israeli Cabinet decision expanded the flow of other commercial goods through the crossings, there has been a significant increase in the

amount and a reduction in the pricing of construction material coming through the tunnels.³⁵ Ensuring these goods are available through the legitimate crossings for the private sector is essential for Gaza’s long-term recovery.

The movement of people out of Gaza remains extremely limited. During the reporting period there were continued improvements in the movement of certain categories of people beyond humanitarian cases out of Gaza. Further easing of movement is important for the human rights and dignity of Gazans. The number of business people allowed to exit Gaza increased to roughly 296.5 per week (as compared to only 102 in the month of June), which is important to support sustained economic growth. Furthermore, 87 percent of all applications to cross Erez checkpoint for referral patients were approved in February 2011 (see figure 2); this is the highest approval rate since January 2008. Consistent approval of exit for patients is important.³⁶ Further easing of the movement of increased categories of people remains essential, in particular for students.

Figure 2: Rate of Approval for Patients to Exit Gaza via Erez

Reiterating the AHLC Chair’s summary from September, additional lifting of restrictions, including for exports, trade and the passage of people, is critical for the situation in Gaza to begin to assume some semblance of normality. The AHLC Chair also noted that assistance intended for the people of Gaza should be channelled through established land crossings. **In the immediate term, an increase in the scale of exports; increased freedom**



of movement of people into and out of Gaza; and the return of the PA to the crossings all represent achievable steps that are fundamental to Gaza’s long term recovery. These can only be achieved if the ‘calm’ is respected.

Israeli Staff Sergeant Gilad Shalit continues to be held captive by Hamas, now for over 1,700 days. The UN continues to call for humanitarian access to be granted without further delay and for his release. We also continue to express hope that a prisoner exchange agreement will be finalized and implemented.

We further note that approximately 6,000 Palestinian prisoners remain in detention in Israeli jails, including around 300 children and some persons held without charges. We continue to note the importance of releases of Palestinian prisoners to the Palestinian Authority.³⁷ All parties must respect in full the provisions of international humanitarian law.

2. PA's State-Building Agenda

Planning Efforts

The PA has drafted the *Palestinian National Plan 2011-2013 (PNP)* which will comprise the PA's key strategic objectives that underpin continued efforts to support the state-building agenda, including redressing inequities, investing in rural development, and addressing constraints to access. The policy framework focuses specifically on improved service delivery, increased economic interdependence, improved infrastructure and effective and accountable public institutions. The PNP, therefore, reflects the PA's continued commitment to improve state institutions and government functions.

The PA continued to reduce its dependence on external donor assistance through targeted reform efforts. As a result the PA's deficit for recurrent spending – which is financed by donors – has declined to less than US\$1bn in the 2011 draft budget. **Continued and predictable support to the PA's budget to finance this deficit is essential to ensure stability and to support reform efforts. In this regard, a donors' conference at the appropriate time in 2011 will be an important opportunity to reaffirm support for the PA's plans.**

Since March 2009, the UN has made state-building a core priority of its work and an important complement to its already well-established humanitarian work. The UN articulates its state-building and development priorities, in support of the PA's plan, through a Medium Term Response Plan (MTRP). Based on the sector strategies and the PNP 2011-2013, the UN is revising its MTRP to cover the same period, reflecting the shared outcomes and outputs that UN agencies will contribute to in six key areas: 1) Governance, Rule of Law and Human Rights; 2) Livelihoods, Employment and Productive Sectors; 3) Health; 4) Education and Culture; 5) Social Protection; and 6) Infrastructure and Water. The pursuit of the Millennium Development Goals (MDGs), including the delivery of services (and other development outcomes) are central to the 'goods' which a state provides to its citizens and therefore core to the UN's state-building objectives. Furthermore, the UN supports state-building through the full spectrum of Palestinian society, including NGOs, civil society and the private sector.

To help ensure funding is available for these development objectives, a PA-UN Multi-donor Trust Fund for the oPt has been established. This fund is uniquely designed to support areas which are central to the success of the PA's state-building agenda, through UN projects -- where the UN has a clear mandate and comparative advantage to complement PA efforts. Donors are urged to contribute to this fund; the flexibility of such a pooled funding mechanism enables the UN to respond in a timely and appropriate manner to meet early recovery and development needs.

The UN also launched its Consolidated Appeal (CAP) for 2011. Developed in full consultation with the PA, the CAP seeks \$575m to address urgent needs in Gaza and the West Bank, including East Jerusalem. Timely and adequate funding to the projects recorded in the CAP will help to prevent further deterioration in the living conditions of Palestinians. As described in Section I above, residents in Gaza and Area C of the West Bank remain the most vulnerable.

Support to both the UN/PA oPt Trust Fund and the CAP should be considered by donors as critical complements to the PA's state-building efforts.

PA's Institution-building Progress

The following section outlines the status of PA institution-building progress, service delivery and infrastructure, as an outcome of the PA's investment in the state-building agenda with the support of partners. This is complemented by a more thorough analysis in Annex II, based on the UN's close cooperation with the relevant PA agencies in the strategic areas where the UN focuses its development and recovery efforts.

In governance, rule of law & human rights, the PA has made significant progress in reform and development efforts and has demonstrated the institutional capacity to carry out core governance functions. The PA's improved ability to plan and budget in an effective manner is clear, whilst several normative functions of governance, including transparency, freedom of media, and mitigation of corruption have been upheld. There have also been significant advances in the rule of law and justice sector, including the drafting of legislation, and regulations to ensure compliance with international human rights norms as well as improved access to legal services and enhanced institutional capacity. The PA has also reflected an institutional commitment towards protecting human rights, a core function and responsibility of any state.

Regarding livelihoods and productive sectors, the PA continues to support labour policies towards sustainable economic growth, economic independence and national prosperity. Investment in a sound policy framework towards achieving high standards, reflects the PA's capacities to guide the development of a well-trained, appropriate, and protected labour force – the engine of the future Palestinian state. In the agriculture sector, the PA continues to invest in sound policies to support the development of this important sector.

In the area of basic services, the PA has made significant progress in promoting the right to education for all. The health care system in the oPt is well developed in areas under PA authority; the range, quality and availability of public health services in oPt and key health indicators, such as infant mortality and life expectancy, bear comparison with those in neighbouring states such as Egypt and Syria. Social protection was prioritised in the state-building programme, and the high level of inter-ministerial engagement, as well as the constructive interaction with donors and UN agencies in this sector, reflects the PA's capacity to grasp the vast and inter-sectoral nature of this important portfolio.

Regarding culture, the PA has demonstrated institutional commitment to support the promotion and protection of the richness and diversity of Palestinian culture through effective planning, promotion of standards and legislation and ongoing efforts to manage the cultural resources in the oPt.

In support of infrastructure development, the physical foundation for the state-building agenda, the PA's continued investment in physical works and institutional development signals the institutional readiness to further enable growth and development.

The Palestinian population is also very diverse, and the refugee population requires particular consideration.³⁸ This population is more socio-economically disadvantaged as compared to non-refugees,³⁹ access to community structures is more limited, and access to services is not consistent, in part due to access restrictions. UNRWA provides assistance, protection and advocacy for some 4.8 million registered Palestine refugees in the Middle East. The Agency's services encompass education, health care, relief, camp infrastructure and improvement, community support, microfinance and emergency response, including in times of armed conflict. There has been significant progress in the coordination between the various PA line ministries and relevant UNRWA services, towards improved access of services by refugees.⁴⁰

This report concludes that, in the limited territory under its control and within the constraints on the ground imposed by unresolved political issues, the PA has accelerated progress in improving its governmental functions. **In six areas where the UN is most engaged, governmental functions are now sufficient for a functioning government of a state. This reaffirms the World Bank's assessment in September 2010, noted by the Quartet, that 'if the PA maintains its current performance in institution-building and delivery of public services, it is well positioned for the establishment of a state at any point in the near future'.** This is a significant achievement arising from the commitment of the PA and strong donor backing. In parallel, Israeli measures to facilitate movement and access have also supported economic activity.

The primary focus as we enter final months of the *Programme of the Thirteenth Government* is to address the physical and political factors that constrain this programme from realising its full potential. It is vitally important that the state-building and political processes be brought into alignment by September 2011. Measures of occupation which stifle Palestinian life need to be fundamentally rolled back by more far reaching Israeli actions to match the progress of the state-building programme. In addition, it is of the utmost importance that the parties overcome the current impasse and return to negotiations to seek a framework agreement on permanent status that resolves all core issues, ends the occupation that began in 1967, ends the conflict and realises the two state solution, and the UN will continue to engage within the framework of the Quartet to further this vital objective.

The UN continues to support efforts to achieve real progress towards unity within the framework of the Palestinian Authority and the commitments of the Palestine Liberation Organisation.

Annex 1: Previous UN Recommendations in the April and September 2010 AHLC Reports:

This report's analysis and recommendations build on the UN's April and September 2010 reports to the AHLC. Whilst there has been some progress in the implementation of a number of the previous recommendations, both by the parties and AHLC members, many of the areas remain relevant to achieving further important progress.

Economic Development

1. PA austerity measures and reform efforts should be pursued to continue to improve the fiscal situation, as well as the effectiveness and efficiency of institution building efforts.
2. Donors should increase their budgetary assistance, ensuring that predictable support is available to meet the PA's recurrent expenditures.
3. Donors are encouraged to support UN recovery and development efforts through the PA/UN oPt Trust Fund, including for Gaza, as a complement to efforts implemented directly by the PA. Donors are also encouraged to continue to address humanitarian needs through the Consolidated Appeal ([CAP](#)).

Movement & Access

4. In the context of continued security cooperation, further and more far-reaching steps to enable greater movement and access are needed. Urgent steps are necessary by the Israeli authorities to improve access to East Jerusalem, the 'Seam Zone' and the Jordan Valley, as well as for the removal of additional closure obstacles blocking key routes into urban centres.
5. Consistent with the Agreement on Movement and Access, to improve livelihoods and enable development, Israeli facilitation of the access to and development of land and resources within the Jordan Valley is urgently required. Movement of people and goods into the Jordan Valley should also be facilitated.
6. Israel should take heed of the International Court of Justice advisory opinion on the Barrier.
7. Improved Palestinian access to the 'Seam Zone' should be enabled by Israeli authorities, in particular to facilitate access to agricultural land; Palestinian access to health services should also be facilitated.
8. Removal of further Israeli restrictions on access to internal and external markets is also critical to enable private sector growth.
9. Increased access for people and goods should be provided between East Jerusalem and the rest of the West Bank by Israeli authorities.

West Bank Development

10. Palestinian service delivery in the West Bank should be facilitated by the Israeli authorities through the planning and permit processes. These processes should also be more efficient to meet critical development and infrastructure needs.
11. Israeli facilitation of the implementation of all of the interventions in the Humanitarian Response Plan is critical, as a first step towards meeting urgent needs.
12. The PA is encouraged to continue its reform efforts, including within the Palestinian Water Authority (PWA), and the development of a roads masterplan by the Ministry of Public Works and Housing, to ensure the effective planning and execution of development

projects. The support of the international community is required for projects identified as priorities by the PA, including major infrastructure projects.

13. Israeli authorities should cease demolition of Palestinian structures.
14. Increased areas currently designated as closed for military or other purposes, as well as 'nature reserves', should be opened to Palestinian use by the Israeli authorities.

Gaza

15. A durable solution to the challenges of security – including smuggling – unity and crossings must be found within the framework of Security Council Resolution 1860. Though
16. All actors must make the necessary adjustments to allow for the further flow of goods into Gaza without undermining Israel's security. Crossing capacity should be expanded by the Israeli authorities in cooperation with the PA to meet real demand; additional capacity will be necessary with an expanded scope of work approved for implementation. The PA should continue to improve and streamline coordination mechanisms for the import and export of commercial goods.
17. Increased predictability in imports and increased exports are needed for sustainable economic growth. In particular, additional categories of raw material, particularly for construction, should be allowed to enter for the commercial sector. Efforts are necessary to promote greater commerce between the West Bank and Gaza.
18. Movement of further categories of people into and out of Gaza should be facilitated by the Israeli authorities. Restrictions on the access of civilians to all areas of Gaza's land and sea should be eased by Israeli authorities to the fullest extent possible.
19. The internal understanding on the collection of revenues to ensure financing is available for industrial fuel for the Gaza Power Plant should be fully implemented; the international community should support longer term solutions for the supply of gas to meet energy needs.
20. Israeli authorities should simplify procedures for the entry of construction materials; approve the proposed programme of UN work that will allow a steady 'flow' of work in Gaza to move forward; and approve a steady flow of material required for the programme's completion. Donors are encouraged to continue to fund new and suspended projects for Gaza.

PA Reform Efforts

Macro-Fiscal

21. It is important that the PA make full use of the new computerized accounting system.
22. Despite the significant progress in building a more enabling environment for the private sector, the PA is encouraged to continue to pursue reforms to develop clear, agreed upon export strategies, increase the competitiveness of Palestinian goods, reduce high transaction costs, and improve the legal and regulatory framework.

Rule of Law

23. To build on gains in law enforcement, the PA is encouraged to support further reforms to improve the rule of law – in particular the drafting of the new Penal Code.
24. It will be important that the PA ensure that continued security sector reforms are achieved, whilst empowering the Ministry of the Interior to lead security efforts and ensure coherence under the security sector strategic plan. The international community is encouraged to continue to provide critical support to this process.
25. The PA should continue and strengthen reform efforts aimed at further defining and clarifying the roles and responsibilities of the Ministry of Justice, High Judicial Court, and

Attorney General's Office in order to consolidate the gains made thus far and clear the way for further progress.

26. Continued efforts by the PA are also required to maintain the independence of the court system from political pressures.

Social Development

27. The PA is encouraged to continue to pursue policy efforts to improve education quality assurance, increase the number of teachers in the sciences and curb student high drop-out rates.
28. The PA is encouraged to maintain progress on infrastructure development and establishment of a new national health insurance system, these critical initiatives to ensure the goal of providing every Palestinian with adequate and high quality health services.
29. Enacting the Juvenile Justice Law and the Child Law is a critical.
30. Social development interventions will benefit from greater cross-sectoral integration, by the PA and donors, ensuring that interventions in each sector leverage others.

Infrastructure

31. The PA is encouraged to finalize the Master Plan for the housing sector to help articulate the relationship of housing development with the private sector, and support a state-guaranteed lending program as well as the formulation of general housing construction specifications.
32. Further reform within specific PA agencies should continue, to help ensure effective planning and implementation of projects.
33. The PA is encouraged to continue reforms in the electricity sector to decrease subsidies and ensure greater coverage.
34. In the water sector, the PWA should continue reforms aimed at improving fee collection, minimizing theft, and ensuring adequate maintenance services.

Annex 2: UN Analysis of Institution Building Progress

Governance, Rule of Law & Human Rights

The PA has made significant investment in reform and development efforts and has demonstrated the institutional capacity to carry out core governance functions.

Governance in the oPt, inclusive of rule of law and rights, continues to be affected by multiple variables: continued occupation limits the administrative reach of the PA, whilst unity remains important to the PA's ability to fulfil its functions throughout the oPt.

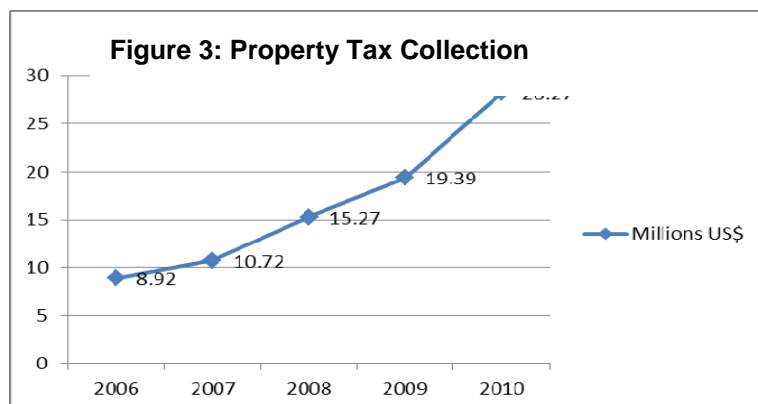
Governance

There have been five notable advances in Governance guided by PA investment in reform and development. First, the PA has improved its ability to plan and budget effectively. Nowhere can this be seen more clearly than in the *Programme of the Thirteenth Government* (August 2009) and its update, *The Homestretch to Freedom* (August 2010) which have already served as the basis for investments in technical assistance, public administration reform, new infrastructure and planning.

The launch of the forthcoming Palestinian National Plan (2011 – 2013) continues to further these efforts and will provide the basis for robust public financial management, improved aid coordination and support to the Palestinian people. These and increasingly consultative planning exercises have been based on well-developed sector strategies. Likewise, as a crucial factor to guide planning, development of the administrative map of the territory is an important exercise.

Second, the improved planning and budgeting process is supported by a monitoring and evaluation unit at the Ministry of Planning and Administrative Development (MoPAD). The launch of the Palestinian Aid Management System, (DARP) will enable better coordination and transparency in programming and improve aid effectiveness, helping to ensure greater alignment with the PA priorities.

Third, the PA has upheld several normative functions of governance, including transparency, freedom of media, and mitigation of corruption (e.g. the establishment of a new Anti-Corruption Commission). For example, property tax collections have increased almost threefold between 2006-2010 (see figure 3). With respect to increased



collection of clearance revenue, discussions between the Gol and PA to enhance collection, as reflected in the package agreed by PM Netanyahu and QR Blair on 4 February, are important. The PA is encouraged to continue public administration reforms, particularly those that promote integrity, quality services, and lead to collection of own-

source revenues. Implementation of the UN Convention Against Corruption will provide a framework to increase accountability.

Fourth, the PA has worked towards conformity of domestic standards, legislation, procedures and systems with international rules and standards as set out in relevant conventions and agreements, in order to enable immediate ratification as soon as statehood is achieved. Maintaining its commitments to the principles of relevant international conventions, which it cannot ratify at present, and continuing to strengthen its engagement in international coordination and cooperation, will be important in this regard.

Finally, elections are key to legitimacy and enshrined in the Palestinian Basic Law (article 26). On 8 February, the PA Cabinet called for municipal elections to be held on 9 July and additional presidential and legislative elections to be held as soon as possible. However, Hamas has rejected these calls and has not allowed preparations to take place in Gaza.

Rule of Law

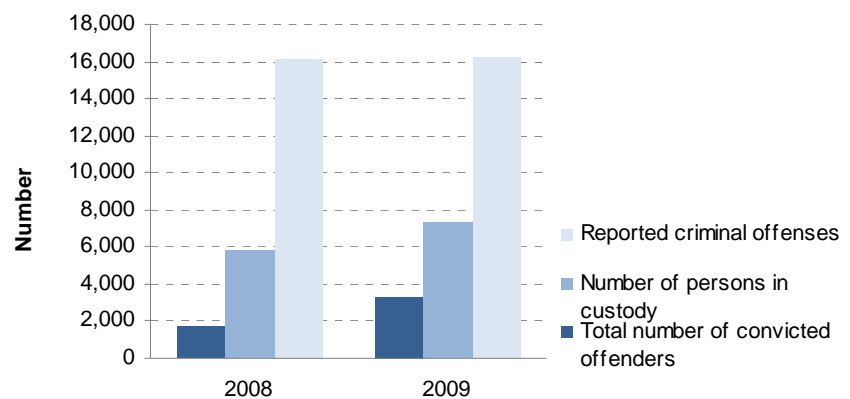
There have been significant advances in the rule of law and justice sector, including the drafting of legislation, and regulations to ensure compliance with international human rights norms as well as improved access to legal services. PA Institutional capacity development has enhanced legislation-drafting capacity, including for a draft Penal Code, and towards draft

legislation for establishing the Palestinian Chamber for Arbitration and Mediation. Other key legislation - such as the Palestinian Juvenile Justice Law - is also under review. New judges and prosecutors have been recruited, and a legal skills diploma has been designed for continuing professional training.

There has been an introduction of an updated automation system of court-cases (MIZAN2) as well as increased efficiency of court work, both of which have helped reduce the backlog of cases. Moreover, a Justice Information Centre to institutionalize the justice information and media systems was recently established and staffed. Establishment of court information points is also expected to promote public awareness.

The continued divide between the West Bank and Gaza presents a major challenge to coherence between legal systems. Hamas is gradually replacing the formal judicial system with another system. Hamas appointed new judges, prosecutors, police officers and Ministry of Justice staff in Gaza, and has not invested in the capacity building of these new staff. Furthermore, the traditional/tribal informal justice systems have been replaced

Figure 4: Criminal offenses, persons in custody and convicted offenders, West Bank



Source: PCBS, Statistical Abstract of Palestine No. 11, December 2010.

by 'reconciliation men'. Some positive steps include the recent meeting of the Ramallah and Gaza branches of the Palestinian Bar Association after over a yearlong absence.

The lack of clarity in roles and responsibilities of the various judicial organs, including security/military courts, is an ongoing challenge that the PA should continue to address. Other on-going challenges result from the absence of the Palestinian Legislative Council, with the result that legislation continues to be passed by Presidential decree rather than in parliament.

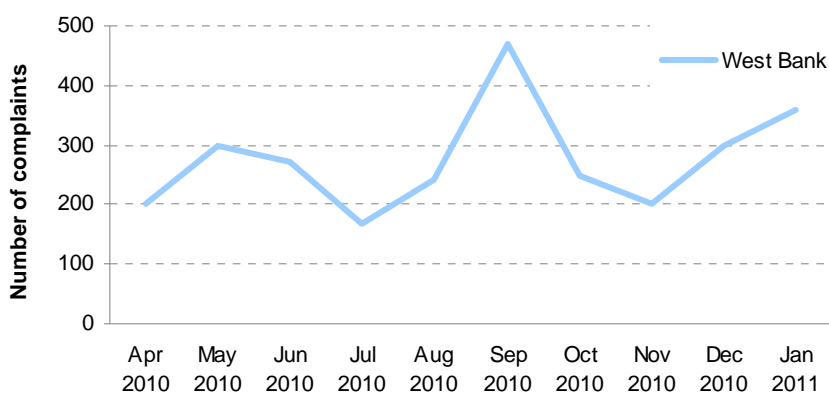
Human Rights

Protecting human rights is a core function and responsibility of any state; the PA has reflected an institutional commitment towards this objective. The PA should be guided by international conventions and standards to ensure that the fundamental freedoms and rights of all Palestinians are respected.

The PA has made numerous statements committing itself to upholding international human rights standards, and, indeed, the Palestinian Basic Law also contains several stipulations to that effect. During the February visit of the High Commissioner for Human Rights, PM Fayyad noted his government's readiness to enter into a full memorandum of understanding with the Office of the High Commissioner for Human Rights and ministers confirmed the willingness of the PA to ensure access to detention facilities and their desire to work on a national human rights plan of action.

Further progress is needed to ensure that basic freedoms in the West Bank are not limited. In a positive step the government decided that all civilians detained will have their case submitted to civilian courts – rather than the military courts. The implementation of this decision by the General Intelligence Service will be closely monitored, and other relevant agencies are encouraged to adopt a similar approach. The PA is encouraged to respect non-violent demonstrations, and ensure due process be afforded to all those facing arrest or detention. The PA should also continue to uphold and invest in the rule of law and basic rights for all, including criminal justice; the monitoring and reporting of arbitrary arrest and detention will continue.

Figure 5: Number of complaints received by the Palestinian Independent Commission for Human Rights for arbitrary detention and non-compliance with proper legal procedures during detention



Source: ICHR, "Monthly Report on Violations of Human Rights and Public Freedoms in the Palestinian-controlled Territory", various issues.

Livelihoods & Productive Sectors

Employment

The PA has made significant progress in support of labour policies important for sustainable economic growth, economic independence and national prosperity. Investment in a sound policy framework towards achieving high standards, reflects the PA's capacities to guide the development of a well-trained, appropriate, and protected labour force – the engine of the future Palestinian state.

The PA is investing in six important areas: 1) ensuring opportunities for *decent work*; 2) developing vocational training; 3) promoting the cooperative sector; 4) improving working conditions; 5) facilitating consultation and effective dialogue; and 6) strengthening regional and international cooperation.

As part of the ILO's 2008 Declaration on Social Justice for a Fair Globalization, promotion of *decent work* is key to the equitable development of the labour force. The Ministry of Labour has embraced this important global agenda, engaging with ILO towards assessing needs and defining indicators of *decent work* towards improving on this base.

The PA has also expressed its commitment to respecting international labour standards. The 2000 Labour Law sets the basic legislative framework for the protection of workers' rights; this is in line with key ILO conventions and recommendations. The Labour Law also prompted the establishment of the Tripartite Labour Policies Committee mandated to lead development of labour and social policies, revitalised in February 2010.

Continued investment in several areas will further strengthen the development of the labour sector. Strengthening labour market governance will be important to ensure effective policy development. Enhancing employability, job creation and private sector growth will be key to ensure that Palestinians receive the appropriate training to meet market needs; this will require continued linkages with the education sector.

Building on the strong foundation to support labour rights, further social dialogue through effective role of the Tripartite Committee for Labour Relations will help ensure that labour force interests are protected.

Improved labour market policies and services are at the centre of the Ministry of Labour's reform process aiming at increasing the employability of the labour force to better access decent and productive work. In particular, supporting the national cooperative reform process and revitalizing the Technical Vocational Education and Training (TVET) Strategy are important, as is the establishment of the National Employment Agency and reactivation of the Palestinian Employment Fund and Social Protection.

Throughout these areas, the promotion of gender equality and women's empowerment, as well as promoting an entrepreneurial culture and self-employment amongst young women and men will be key.

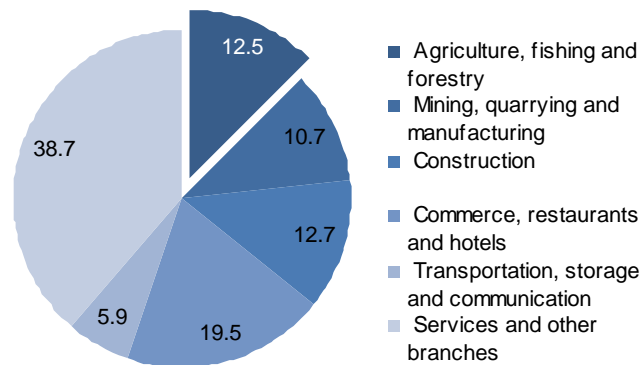
Agriculture

Agricultural production continues to employ an important portion of the population, with 31 percent of the land in the West Bank and Gaza Strip currently cultivated. The PA continues to invest in sound policies to support the development of this sector.

The PA has developed a comprehensive agriculture strategy, *A Shared Vision and complementary Action Plan (2011-2013)*. These were developed through a consultative process including farmers – the key stakeholders.

Efforts have also been made to ensure that gender is mainstreamed throughout the strategy and action plan.

Figure 6: Distribution of employed persons, Q4/2010 (PCBS)



Source: PCBS, Labor Force Survey, Q4/2010.

Crop production has benefitted from the PA's investments in improved community-based infrastructure, including the development of agriculture roads, and the rehabilitation of land. There has also been investment in improving water management systems, and rehabilitation of irrigation systems for agricultural production in Tulkarem, Jenin, Qalqilya and Tubas; 14 percent of cultivated areas are now irrigated. This has been complemented with the development of water cisterns throughout the West Bank to promote rain-fed agriculture; these have suffered from increased demolition, as per Section I above.

To help ensure farms can expand production, credit facilities are provided, complemented with several agricultural services. The Palestinian National Centre of Agricultural Research and three agricultural colleges contribute to a growing agricultural research base. Several government bodies and partners provide agricultural extension, training and veterinary services to promote new technologies and protect against diseases. Limited financing is available for agricultural and rural development, as is agricultural insurance to mitigate the risk in agricultural development.

The PA is also investing in improving standards for production and processing, which helps to ensure access to markets. Building on recent efforts, the National Food Safety Initiative provides a multi-sectoral framework to further develop standards.

To ensure that investments in agriculture yield in the greatest gains for Palestinians, access to markets must be improved. Furthermore, approximately 62.9 percent of arable land is located in Area C – ensuring further access to this land is important for development of the sector (as in Section I).

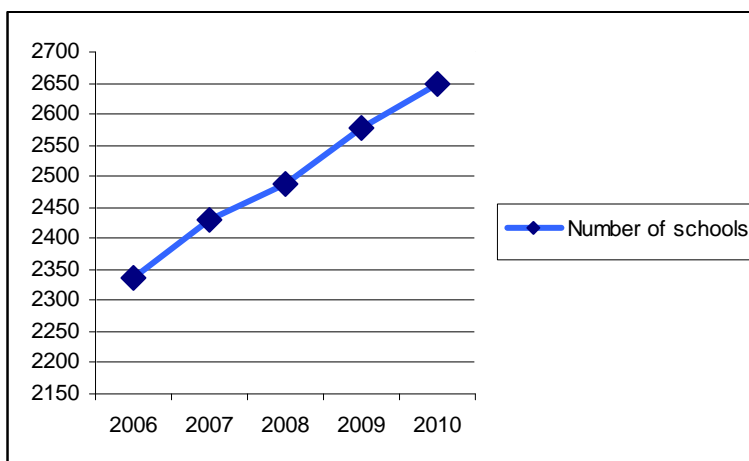
Basic Services

Education & Culture

The PA has made significant progress in promoting the right to education for all. For instance, the Ministry of Education and Higher Education (MoEHE) has demonstrated a commitment to the Education for All (EFA) movement, and leadership in achieving the MDGs, which have been incorporated into planning and referenced in ministry

policy. This is reflected in continued investment in the building of schools to accommodate students. Development of an appropriate legal framework for education also represents an investment in state-building.⁴¹

Figure 7: Number of schools (PCBS)



A significant achievement was the signing of the Joint Financing Arrangement (FA) by the MoEHE with four donor partners and other PA agencies.⁴² The JFA represents a concrete step towards a more programmatic and Sector Wide Approach (SWAp) in the MoEHE's implementation planning. The JFA harmonises methodologies in support of the MoEHE's Education Development Strategic Plan (EDSP) through support to yearly operational plans and by contributing approximately US\$90mn over a three-year period (2011-2013). This represents commitment to the Paris Declaration Principles on Aid Effectiveness and national ownership to drive reform and development in the field of education. Focusing on further capacity development in education planning and management will help ensure effective implementation of the EDSP.

Progress was also made towards the implementation and monitoring of the EDSP 2008-2012 that focuses on a range of programmes towards improving all aspects of the sector, including physical infrastructure, student welfare, building teacher capacity and improving school administration.⁴³ In support of strategic planning and management, the MoEHE also strengthened its Education Management Information System with the UN's support. Moreover, with the UN's support, the MoEHE has initiated the development of a national policy for Early Childhood Care and Education (ECCE).

In addition to developing and upholding a strategic vision oriented towards access, management and relevance, the MoEHE has prioritised the provision of quality education. Towards this end, the MoEHE advanced the implementation of the Teacher Education Strategy through the establishment of a Commission for Developing the Teaching Profession (CDTP) and Teacher Education Reform, with partners.⁴⁴ The MoEHE also finalized a strategy on Technical Vocational Education and Training (TVET) with the support of GIZ to ensure skills development meets labour market needs.

The PA has also made two significant intersectoral achievements in support of the promotion of the right to education for all. First, the development of the Cross-sectoral National Gender Strategy, Promoting Gender Equality and Equity (2011-2013), led to the creation of gender units in 24 ministries including the MoEHE, including the provision of a strategic framework for the ministry to mainstream gender into education.⁴⁵ Second, the PA Strategic Multi-sector Plan for East Jerusalem (2011-2013) -- the first of this kind -- includes a concrete analysis of challenges in accessing quality education in East Jerusalem and provides a concrete strategic response to address school infrastructure needs, strengthen education support structures, and improve financial and administrative capabilities and systems.

There are separate educational systems functioning in the oPt for basic education: 261,793 children are enrolled in UNRWA schools in the West Bank and Gaza. Both UNRWA and MoEHE are working together towards further strengthening their linkages and harmonizing their policies. This will increase coherence for any future developments in the education sector, and also eases the transition for students in UNRWA schools who join PA-run schools for secondary school.

Further strengthening of capacities is needed at many levels in order to build a sustainable inclusive education system throughout the oPt. ECCE should continue to be strengthened – as the foundation for lifelong learning -- particularly through the further development of a national framework.⁴⁶ The MoEHE should also move towards a more inclusive educational approach to address the needs of children and youth excluded from and marginalized within the education system. Improvements in the TVET and higher education institutions will help to ensure that the education system will meet the demands of the labour market.⁴⁷

Finally, further governmental response and capacities are needed within the current context to address protection issues as they pertain to education throughout the oPt. Monitoring mechanisms and interventions will need to be further strengthened and developed in order to ensure the safety and well being of students, teachers and the education system as a whole.⁴⁸

The current political and institutional environment challenges the unity of the education system which is however, still maintained through a common curriculum. Lack of unity could widen gaps in the provision of educational services between geographical areas. As referenced above in Section I and in past reports to the AHLC, access to quality education is particularly undermined in those areas where the PA's control is limited – Area C, East Jerusalem and in Gaza.⁴⁹ In Gaza, the MoEHE has faced profound obstacles in the implementation of policies, which is due in part to the ongoing blockade and internal political divisions.⁵⁰

Culture

The promotion and protection of the richness and diversity of Palestinian culture was identified as a national priority in the *PA Programme of the Thirteenth Government*. The PA has demonstrated institutional commitment to support this area through effective planning, promotion of standards and legislation and ongoing efforts to manage the cultural resources in the oPt.

Progress is being made in planning within the culture sector, towards the formulation of a National Plan for Palestinian Culture based on the two recently endorsed sector strategies for Culture and for Tourism and Heritage. This Plan will encompass both cultural heritage – tangible and intangible -- as well as cultural expressions. It will remain important for PA budgets to reflect the establishment of key national cultural institutions, such as National Archives and a National Museum, envisaged as priorities by the PA.

The PA has also been taking steps to ensure conformity of domestic standards and legislation with international standards in the field of culture. The PA is in the process of updating the existing draft cultural heritage law and preparing relevant by-laws. In the field of cultural heritage protection, an *Inventory of Cultural and Natural Heritage Sites of Potential Outstanding Universal Value in Palestine* was published in 2005 and the establishment of the first *National Inventory of Palestinian Intangible Cultural Heritage* is underway.

In January 2011, a nomination file to the World Heritage List of the *Birthplace of Jesus: Church of the Nativity and the Pilgrimage Route, Bethlehem* was submitted by President Abbas to UNESCO. The instruments of accession to four UNESCO conventions in the field of culture were deposited.⁵¹

Finally, the PA has demonstrated its capacities and operational tools to promote and protect culture. For example, there is a Palestinian Cultural Fund, managed by the Ministry of Culture, for the preservation, development and promotion of Palestinian culture. The Ministry of Tourism and Antiquities has also developed best practices in planning and management of cultural heritage sites, aligned on international standards and guidelines. For example, in January 2011, the Battir Cultural Landscape Protection programme was awarded the *Melina Mercouri International Prize for the Safeguarding and Management of Cultural Landscapes*. Management and conservation in areas where the PA does not have administrative authority are constrained, as with the conservation of Palestinian dry-stone terraces in the West Bank.

Further efforts to conserve, manage and protect the diversity of Palestinian culture are important throughout the oPt, including in Gaza; this will be supported by further institutional development and sufficient funding.

Health

The health care system in the oPt is well developed in areas under PA authority, providing a full range of primary, secondary and tertiary services.⁵² Primary care and emergency services are available to the whole population free of charge or for a nominal fee while the national insurance scheme provides cover for a full range of services for most of the population.⁵³ There are, however, differences within the West Bank – due to the PA's limited control in areas under occupation – and between the West Bank and Gaza, under the control of the *de facto* authorities.

The range, quality and availability of public health services in oPt and key health indicators, such as infant mortality and life expectancy, bear comparison with those in neighbouring states such as Egypt and Syria. Indeed, the UNDP Human Development Index ranked the oPt 72nd out of 194 countries in 2010 (37th percentile), with

regard to life expectancy at birth. This places the oPt ahead of Saudi Arabia, Jordan, Algeria, Lebanon, Egypt, Iraq and Yemen.

The governance capacity of the Ministry of Health reflects important progress in state-building. The MoH has sought to strengthen its institutional and governance capacity, not least by further efforts to improve the planning process. In 2010, the MoH published the National Health Strategy for 2011-13 which identified four key priority areas: governance and institutional development; human resources development; healthy behaviour; and access to quality health services. Further work is being undertaken on action plans to address these.

The MoH has also developed policies and strategies in a number of important areas. For example, a strategy for the prevention and control of non-communicable diseases (NCDs) has been approved and the MoH is carrying out a survey to assess the level of risk factors for NCDs while working on an implementation plan for integrating NCD interventions at the primary care level. A national committee for health promotion has been reinvigorated and is working on a national health promotion strategy. A cancer strategy has been adopted and screening for breast cancer has been introduced. A working group on tobacco control has been established which seeks to align existing anti smoking law with the Framework Convention for Tobacco Control. A national strategy for Tuberculosis has been developed as well as treatment guidelines and training modules. The formulation of a national strategy for health information is under way and the first National Health Accounts were produced.

The Palestinian health care system also faces many challenges. The continued occupation impacts health throughout the West Bank restricting movement and access to health services and negatively affecting the social determinants of health and the health of the population. The Coordinator of Government Activities in the Territories cites an increase of 1.3 percent in 2010 as compared to 2009 in the permits provided for medical patients and those accompanying them to access health facilities in East Jerusalem and Israel from the West Bank. In Gaza, the provision of adequate health services to the population continues to be severely affected both by the Israeli closure and the lack of Palestinian reconciliation. Up to one third of essential drugs and one fifth of medical supplies were out of stock in Gaza in 2010. These drugs and disposables are considered necessary for the provision of essential health care.

The health sector remains dependent on donor support – principally financial support but also technical. Preliminary data from the (as yet unpublished) National Health Accounts suggest that total health expenditure may be as high as 15 percent of GNP, which is very high by international standards. This raises questions about the longer-term affordability of the system and reinforces the case for renewed efforts to promote greater efficiency. There is also a need to strengthen systems to improve and monitor the quality of care. The MoH has begun to address this: quality improvement and patient safety were the main themes of the annual national health conference 2010, a national strategy for quality improvement has been developed, a focal point for quality has been established at each of the district hospitals and an assessment of the quality provided in primary care is ongoing.

Some of the core functions of the MoH also require continued strengthening. This includes policy development and implementation, more effective regulation of the health sector and stronger management and accountability. There is a need to reform the current

policy and practice on human resource management and development, to introduce a systematic review of existing staffing and to develop detailed workforce plans. It will be important also to develop systems to manage financial and other resources to ensure equity, sustainability and aid effectiveness. Monitoring indicators have been included into the annual action plan and a system of monitoring and evaluation should also be introduced. An ethics committee⁵⁴ should also be established. Finally, there is room for more meaningful participation in decision making particularly of non-state health providers and the international community.

Social Protection

The PA's 2011– 2013 National Policy Agenda and *Programme of the Thirteenth Government* highlight social protection as a priority in its state-building agenda.⁵⁵

Based on the Universal Declaration of Human Rights, the PA's social protection policy reflects the PA's commitment to alleviating poverty and protecting vulnerable groups. With the implementation of programmes, strategies and policies to support social protection, the PA is increasingly in a position to strategically address the full range of issues which fall under the social protection sector. This capacity has developed and taken credible form in a relatively brief period, which adds to the perception of rapid and convincing progress in the field of social protection -- including the development of necessary legislation and provision of streamlined assistance.

Social protection is very important in the oPt, with an increasingly young and growing population: 43.4 percent are below 15 years old and there is a high level of dependency in the (5.9 individuals for each head of household). The Palestinian Central Bureau of Statistics (PCBS) recognized that there is a substantial percentage of the population living below the poverty line.⁵⁶ Large families are most adversely affected and particularly those in Gaza, East Jerusalem and Area C.

With a view to empowering the most vulnerable and building self-resilience, the PA has progressively increased the national budget allocation for social services and has created a comprehensive social safety net. This has been supported by key donors, including the EU and World Bank. Policies have also been established to preserve social fabric and provide social protection, thereby enhancing social cohesion. The PNP outlines PA plans to build on this work to ensure that state prosperity is underpinned by well-structured and efficient institutions and legislation that guarantee social justice, equality and opportunity for all.

In 2010, the Ministry of Social Affairs (MoSA), in cooperation with a national team, developed the comprehensive and well-structured Social Protection Sector Strategy (SPSS) which was subsequently endorsed in early 2011.⁵⁷ This strategy cuts across a broad range of technical ministerial functions to ensure a common basis for action, and is implemented independently by the respective ministries while ensuring complementarity in addressing social protection issues.

Through six clearly defined outcomes, the SPSS places significant emphasis on the importance of combating poverty, assisting marginalized groups, and empowering vulnerable individuals and families. It targets the development of human capital with a view to ensuring social integration and narrowing social disparities. It also promotes stability, increasing the legitimacy of the government before its voters. It will be important for gender concerns to be mainstreamed throughout the implementation of the strategy.

The high level of inter-ministerial engagement, and the constructive interaction with donors and UN agencies in finalizing the SPSS, reflects the PA's capacity to grasp the vast and inter-sectoral nature of the social protection portfolio.

To ensure effective and efficient social protection support is provided, MoSA has developed a guidance document to support the transition of the Cash Transfer Programme (CTP) towards better-targeted assistance. A by-law and accompanying procedures' manual will be developed for the CTP to be implemented from June 2011, following the termination of the transition programmes. Furthermore, MoSA has been working closely with UNRWA to improve the targeting of the refugee population for social safety net transfers.

There have also been significant developments in the policy and legal framework to ensure protection and promotion of rights. The Child Law, which addresses basic child rights has been revised and endorsed by the Ministries of Social Affairs, Planning, Justice and Labour, is now awaiting signature of the President, and action by the Palestinian Legislative Council when possible. In addition, the Juvenile Justice Law is being developed. The protection of women is high on the agenda as is evidenced in the recently endorsed Strategic Plan for Combating Violence Against Women, and in the current momentum to confirm honour killings as an illegal act. The PA has signed the Convention on the Elimination of Discrimination Against Women in relation to women's rights. A draft National Health Law has been developed which will improve opportunities for the most vulnerable to access health services. It will be important that the PLC is reactivated to ensure legislation can be adopted.

Looking forward, revision of the methodology of poverty measurement with cooperation between MoSA, PCBS and all stakeholders, will help provide a sound basis for the equitable provision of social protection. Organisational development will be important within MoSA, to help support this important sector, including through capacity development and increased resources. Within the social protection sector, the PA remains heavily dependent on external support. This presents continued challenges in terms of coherence, coordination and, especially, the sustainability of any intervention.

Infrastructure & Water

Infrastructure provides the physical foundation for the state-building agenda. The PA's continued investment in physical works and institutional development signals the institutional readiness to enable further growth and development.

Strategic planning for infrastructure development was embodied by two notable documents: the PRDP 2007 – 2010, and the Gaza Recovery and Reconstruction Plan (2009). The PRDP reflected a sound strategy to meet needs that sought to leverage private sector investment. Such planning has led to key recent achievements in infrastructure:

- 1,700km of water pipelines were installed and repaired;
- 88.2 percent of households have been connected to the public water supply;
- works continue for two wastewater treatment plants in Gaza;
- 99.9 percent of households have been connected to the public electricity network;

- 2,250kms of roads were rehabilitated or newly constructed;
- a sanitary landfill was constructed in Jenin with a second project launched in southern West Bank; and
- 44 new housing projects have been undertaken.

The PA has also focused on the sustainable management of natural resources and protecting the environment. Further efforts towards sustainable use – such as reusing wastewater from treatment plants under development in Gaza and in the West Bank – will be key. Environmental protection laws, coupled with sufficient resources, and effective enforcement, will be important.

Furthermore, the PA has invested in ensuring access to quality infrastructure by regulating resource use, while promoting efficiency. For example, accountability for payment for energy use has been promoted by pre-paid meters and the establishment of independent regulatory bodies.

With regard to electricity, four new power stations are planned for the West Bank. All necessary facilitation and financial support is important for the establishment of this infrastructure to help alleviate shortages in electricity supply. As reflected in the PM Netanyahu and QR Blair package of 4 February, the GoI agreed to conclude preliminary discussion with the PA on the development of the offshore gas field, which will provide an important energy source for both the Gaza Strip and the West Bank.

Housing is also being promoted, through ongoing works at seven housing project sites in the West Bank, with more planned. In Gaza, the PA is supporting the work of the UN to meet the immense housing needs.

As the PA pursues further progress in infrastructure development, it will be important to continue to prioritize serving marginalized areas.

Water

The water situation in the oPt remains of central importance. The Palestinian Water Authority's (PWA's) renewed investment in institutional development, policy frameworks and planning reflect a commitment towards the sustainable use of resources and fulfilling needs. Indeed, the PWA's leading role in executing comprehensive reform efforts while creating a planning framework and strategy reflects the PWA's important institutional development.

The PWA has committed to build on past inefficiencies in management of the sector. Specifically, identifying a strategic vision and strategy for the sector – through a consultative process – has helped to ensure that PA-wide priorities are identified.

Efforts are also underway to improve the PWA's institutional and policy framework. An ongoing evaluation (Institutional Water Sector Review) will help inform the future restructuring of the water sector. This will be complemented by a re-evaluation of PA water laws, regulations and legislation. Implementation of the findings will be supported by a Technical Planning Advisory Team, which will support the PWA through a three year capacity building programme.

Meeting the needs in under-served areas remains a central objective as does the development of strategic projects which will increase water availability. This includes desalination plants in Gaza and wastewater reuse from the development of wastewater treatment plants. Further measures are planned to reduce unaccounted for water, including through enforcement against unauthorized water development.

Water resource management and water and sewage systems in the West Bank are regulated by the *Interim Agreement*, Article #40, through the Israeli-Palestinian Joint Water Committee (JWC). Effective coordinated management in these areas remains important. The PWA has established a Joint Water Committee Unit to support monitoring and follow up in the bilateral committee.

As evidence of the PA's active role in regional engagement on water resource management, the PA is currently leading the Environment and Water Team of the Secretariat of the Union for the Mediterranean. Specifically, the PA is supporting the Union to focus on innovative and strategic projects to promote effective resource use and provide a degree of water security for all members. The platform is also important for expanding public-private partnerships and engaging other regional bodies on resource management.

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

² 'Package of Measures Agreed by the Government of Israel and the Quartet Representative. 4 February 2011. See: <http://www.quartetrep.org/quartet/news-entry/package-of-measures-agreed-between-the-government-of-israel-and-the-quartet/>

³ The seventh of ten planned national security forces Special Battalions is currently completing training in Jordan and a Presidential Guard Battalion began training in Jordan last month, both with international support. When all battalions are deployed, there will be a fully equipped and trained security force, charged with maintaining law and order.

⁴ Remarks from the International day of Solidarity with the Palestinian people (29 November 2010), referenced also in Briefing to the Security Council 14 December 2010.

⁵ As per the 4 February package agreed by PM Netanyahu and QR Blair.

⁶ During the reporting period Israeli security forces conducted a total of 1,851 search operations throughout the West Bank, including East Jerusalem; there were five percent fewer operations over the reporting period, as compared to the previous period.

⁷ There were five Palestinians killed and 324 injured in the previous five months. OCHA recorded 137 settler attacks against Palestinians resulting in either Palestinian casualties (29 incidents, including incidents that resulted in two fatalities) or property damage (108 incidents), compared with 122 of such incidents in the previous five months.

⁸ Israeli authorities have continued to announce new plans for settlement construction in East Jerusalem. This includes, construction tenders for 238 housing units in the settlements of Ramot and Pizgat Zeev, 1,300 settlement units in Har Homa, the approval of 130 new homes in the settlement of Gilo, and renewed construction for 13 settlement units in Sheikh Jarrah. On 9 January, the Secretary-General issued a statement deploring the demolition of the Shepherd Hotel for the building of an Israeli settlement in the heart of a Palestinian neighbourhood in East Jerusalem.

⁹ It is estimated that over 2,000 students and more than 250 teachers face delays at checkpoints as a result of permit checks on their way to school. Regarding access to health: Palestinians who hold Jerusalem ID cards are entitled to the health services provided by the Israeli authorities, which are recognized to be of a high standard, and can also access the six Palestinian-run non-profit hospitals in the city. Residents of the remainder of the oPt also rely on these hospitals for routine, specialised and emergency health services which are unavailable elsewhere in the West Bank and the Gaza Strip. The efficient running of East Jerusalem hospitals is also impaired by restrictions on construction expansion, and the entry of medical equipment and pharmaceuticals into East Jerusalem from the remainder of the West Bank.

¹⁰ See report by OCHA, East Jerusalem, Key Humanitarian Concerns, March 2011. It is only within the area zoned for Palestinian areas construction that Palestinians can apply for building permits, but the number of permits granted per year to Palestinians does not begin to meet the existing demand for housing and the requirements related to formal land registration prevent many from applying. As a result, Palestinian residents of East Jerusalem find themselves confronting a serious shortage in housing and other basic infrastructure. Many residents have been left with no choice other than to build structures 'illegally' and therefore risk demolition and displacement.

¹¹ See report by OCHA, East Jerusalem, Key Humanitarian Concerns, March 2011. Education in East Jerusalem is divided between numerous providers - municipal, private, 'recognized unofficial', *Waqf* and UNRWA. Despite the number of providers, there is a chronic shortage of classrooms (in 2007/2008 there was a shortage of 1,000 classrooms) and existing facilities are substandard or unsuitable. Pupils are often accommodated in rented houses which do not meet basic educational and health standards. Consequently, parents have to resort to fee-paying alternatives although pupils are entitled to free education under Israeli law. Many pupils are not enrolled in any educational institution. Among those enrolled, many fail to complete secondary school, with an especially high drop-out rate of boys aged 12-14. Zoning and other planning restrictions in East Jerusalem inhibit both new construction and the expansion of existing buildings. As a result, certain *Waqf* schools are threatened by demolition and sealing orders. Preschool facilities are also inadequate in East Jerusalem.

The 2011 Education For All Global Monitoring Report highlights the challenges faced in East Jerusalem where it states that many of the 90,000 school age children do not have access to free public education, even though they are entitled to such under Israel's Compulsory Education Law. Restriction of movement is another obstacle faced by the education system.

¹² The Israeli Ministry of Justice asserts that, 'all demolitions are conducted in accordance with due process guarantees and following a fair hearing, which is subject to judicial review and the right to appeal and all demolitions are decided upon without distinction on the basis of race or ethnic origin.' The MoJ cites that in 2009, the Jerusalem municipal officials demolished 122 structures constructed without municipal permits both in the eastern and western neighborhoods of Jerusalem. 65 structures were demolished in the eastern neighborhoods of Jerusalem and an additional 57 structures were demolished in the western neighborhoods of Jerusalem.' Israeli Ministry of Justice Department for International Agreements and International Litigation, 31 March 2011.

¹³ One of the worst affected areas has been Sheikh Jarrah neighbourhood in East Jerusalem; over 60 Palestinians have lost their homes and another 500 remain at risk of forced eviction, dispossession and displacement.

¹⁴ The majority of Area C is under direct control of Israel (72 percent), whether as land earmarked for Israeli settlements (declared as "State land"), closed military zones, military training zones, Barrier Buffer Zone, and nature reserves.

¹⁵ Needs at eight of the 26 schools in the Plan have been met, as a first step. Five filling points have received written approval on 15 July 2010, but only two are fully operational, pending further approvals; one of four wells has been implemented, the others are pending written approvals.

¹⁶ For further analysis, see OCHA report: Restricting Space: The Planning Regime Applied by Israel in Area C of the West Bank. December 2009.

¹⁷ Jordanian Planning Law no. 79/1966 and Israeli Military Order 418. This is compounded by difficulties in proving formal land-ownership (in part because there has been no systematic land registration since 1967).

¹⁸ The recently agreed 'fast tracking' of permits for schools and clinics in the 4 February PM Netanyahu and QR Blair package notwithstanding, detailed outlined plans are needed as a basis for the Israeli Civil Administration (ICA) to issue building permits. The set of criteria for development of such plans, set forth by the ICA do not always reflect the spatial reality of most

Palestinian communities in Area C. Military Order 418 also removed effective Palestinian participation from the planning process (e.g. through the abolishment of the Local and District Planning Committees).

¹⁹ For example, plans in Area C submitted to the ICA by Palestinian communities, in line with their needs and respecting established criteria, should be approved in a timely manner. Re-instatement of Palestinian local planning committees would help to facilitate the issuing of building permits.

²⁰ Israeli Ministry of Justice, 31 March 2011.

²¹ In addition to depriving the family of its home, their main source of physical security, demolitions undermine livelihoods, resulting in increased poverty, reduced standards of living and limited access to basic services. One community, Khirbet Tana (population 250) which is located in a closed Israeli military zone, suffered wide-scale demolitions in three separate incidents. Because residents, who have lived in the area for decades, need grazing land for their livestock, most have no choice but to stay in the area. As such, they have repeatedly re-built modest structures on the land, many with assistance from the international community.

Maxwell Gaylard, United Nations Resident and Humanitarian Coordinator for the occupied Palestinian territory, released a statement on further demolitions in Khirbet Tana, "if the authorities ultimately responsible for these demolitions could see the devastating impact on vulnerable Palestinian communities, they might reflect upon the inhumanity of their actions." Mr. Gaylard added that "under international law, Israel, as the occupying power in the oPt, is prohibited from destroying property belonging to individuals or communities except when absolutely required by military operations".

Water cisterns, basic infrastructure on which some of the most vulnerable communities rely, have been increasingly targeted. The removal of such critical infrastructure places serious strains on the resilience and coping mechanisms of some of the most vulnerable West Bank communities, who will become increasingly dependent on economically unsustainable sources such as tankered water. In 2010, OCHA recorded the demolition of 27 water cisterns and other rainwater collection systems in the West Bank; six have been demolished in 2011. Regarding continuing demolition of water cisterns in the West Bank the United Nations Resident and Humanitarian Coordinator for the oPt Mr Maxwell Gaylard, said: "It is difficult to understand the reasoning behind the destruction of basic rain water collection systems, some of them very old, which serve marginalized rural and herder Palestinian communities where water is already scarce and where drought is an ever-present threat." 1 February 2011.

²² Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, Advisory Opinion, I. C. J. Reports 2004, p. 136. The International Court of Justice (ICJ) issued an advisory opinion including, *inter alia*, that the GoI should cease construction of the wall inside the oPt and dismantle those parts of the Barrier in the oPt. For an overview of the humanitarian impact of the Barrier, highlighting the role it plays in the system of access and movement restrictions, and continuing fragmentation of the West Bank, including on urban areas, on the closed area communities isolated between the Barrier and the Green Line, and on the rural communities which are primarily affected by the permit and gate regime see: OCHA Report: Five Years after the International Court of Justice Advisory Opinion: A Summary of the Humanitarian Impact of the Barrier. 2009. For Israeli High Court of Justice rulings related to consideration of the ICJ opinion and statements related to the security justification, including as relates to the harm caused to the civilian population see: <http://elyon1.court.gov.il/verdictssearch/englishverdictssearch.aspx>.

²³ AIX Group. "Economic Development of the Jordan Valley" March 2009. p. 47. A number of Israeli settlements in the Jordan Valley rely on agricultural production; approximately 10,122 hectares of West Bank land outside the outer limits of the settlement are cultivated.

²⁴ There are currently 63 checkpoints, 35 of which are located along the Barrier and used to control access to Israel, East Jerusalem or Barrier enclaves; 25 partial checkpoints; 171 earth mounds; 113 road gates; 69 roadblocks; 20 earth walls; 10 trenches; 46 road barriers. There are an additional eight checkpoints on the Green Line. In May 2010, an earthmound located at the entrance of Ad Dahiriya town was removed, thus providing the 35,000 residents of the town with direct vehicular access to Road 60. A road gate has been installed at the same site and has remained open. While this opening improves the movement between towns and villages in the area, its impact on access of residents to Hebron city, the main economic and service hub in the area, is still limited, as the main entrance to the city from the south remains blocked. An additional seven roadblocks were removed in the Hebron area, including two located at the entrance of two communities (Wadi Al Hafayer and Khirbet Bsim) and five leading to agricultural land.

²⁵ Access to the Jordan Valley continues to be highly restricted: only residents of the area and people with special coordination are allowed with their private vehicles through the checkpoints into this area. There was no improvement regarding movement of Palestinians to and within the Israeli controlled area of Hebron City (H2), as well as regarding access to East Jerusalem by permit holders.

²⁶ PalTrade reports that 78,000 workers from the West Bank were employed in Israel and the Israeli settlements in the fourth quarter of 2010 – an increase of four percent from the third quarter. Palestinian Economic Bulletin, Issue 54, March 2011.

²⁷ The Israeli Coordinator of Government Activities in the Territories (CoGAT) reports that this has resulted in a 15 percent increase in the number of people crossing through Allenby Bridge in both directions in 2010.

²⁸ Tradable goods sectors made up only 15.4 percent of GDP in the third quarter of 2010.

²⁹ A ship with weapons was intercepted 200 nautical miles from the Israeli coast; if the destination were to be confirmed as militant groups in Gaza, this would constitute a violation of Security Council Resolution 1860 (2009). The ship, 'Victoria', carried some 25 tonnes of weapons and ammunition.

³⁰ See statement by the Humanitarian Coordinator: "I am very concerned about the recent forced closing of Sharek Youth Forum in Gaza. Sharek is an important NGO partner of the United Nations in its work on behalf of children and the youth in Gaza," Mr. Gaylard said. Jerusalem, 7 December 2010.

³¹ GDP increased by 1.7 percent each quarter on average in 2009, -2.5 percent average in 2008, -2 percent average in 2007, -5 percent average in 2006, this compares to 5.2 percent average in 2005.

³² As of January 2011, 39 percent of the most important raw materials were unavailable for industries, as compared to 49 percent in June 2010. Paltrade. 'Research Study Tracking the Impact of Israeli 'Easing Measures' on the Industrial Sector in Gaza'. p. 16.

³³ See OCHA Report: Easing the Blockade: Assessing the Humanitarian Impact on the Population of the Gaza Strip . March 2011. Before the closure of Gaza, both Israel and the West Bank constituted a large potential market for Gaza manufactured products: 90 percent of garments, 76 percent of furniture products, and 20 percent of food products were marketed there.

³⁴ See OCHA's report: Easing the Blockade: Assessing the Humanitarian Impact on the Population of the Gaza Strip. March 2011. For example, thus far, only a small proportion of the 40,000 housing units needed in Gaza have been constructed. The housing shortage has exacted a high 'price' from families confronted with poor and overcrowded housing conditions, with a disproportionate impact on women and children. Regarding water, only 5 per cent to 10 per cent of Gaza's aquifer is considered fit for human consumption, with 83 per cent of the population relying on water from private vendors for drinking and cooking. This is exacerbated by infiltration of untreated sewage due to lack of repairs and waste water infrastructure development. In addition 50 million liters of partially or untreated sewage are being discharged into the Mediterranean every day. Regarding education: UNRWA's overall reconstruction plan amounts to \$661m, of which 11 percent has been approved by the Gol for implementation. As a part of this plan, education infrastructure remains an area of critical need in Gaza. UNRWA schools are currently severely overcrowded, due to a continuously growing student population. Some 95 percent of UNRWA schools function on a double shift basis while 40,000 refugee children are currently not enrolled in the UNRWA education system due to overcrowding or lack of a facility near their residence. UNRWA estimates that 100 schools will need to be built over the next three years to help accommodate all students. Towards meeting this need, UNRWA's overall construction plan includes 40 schools over the first year. Towards this end, 49 schools have now been submitted for Gol approval and 20 have received the necessary written approvals

³⁵ See OCHA Report: Easing the Blockade: Assessing the Humanitarian Impact on the Population of the Gaza Strip. March 2011.

³⁶ The 13 percent of patients whose application were denied or delayed subsequently missed their hospital appointments. The approval rate increased during the middle of 2010 but the trend has become more erratic in the last quarter and early 2011. In 2010 one out of five patients could not attend the hospital appointment outside of Gaza they were in need of. They were either denied or delayed. Of particular concern are men between 18 and 40 years old - only every second young man received a permit on time for his hospital appointment.

³⁷ Around 6,000 Palestinians are held in 22 prisons and detention centers in Israel and the West Bank, of these 300 prisoners are under the age of 18. Among the prisoners are also 37 women and some 10 members of the Palestinian Legislative Council. Source: Concluding Statement of UN International Meeting on the Question of Palestine: The urgency of addressing the plight of Palestinian political prisoners in Israeli prisons and detention facilities, held in Vienna on 7/8 March 2011.

³⁸ There are 848,494 UNRWA registered refugees in the West Bank (representing 33 percent of the total West Bank population). 21 percent of registered refugees live inside refugee camps. There are 1,167,361 registered refugees in Gaza (representing approximately 75% of the population).

³⁹ Refugees are characterized by chronically higher unemployment (25 percent as compared to 20 percent of the non-refugee population) and a decline in labour force participation (refugees lost 6,700 jobs while non-refugees gained 41,600 jobs in the first half of 2010; and the refugee average wage is 10 percent lower than non-refugee wage).

⁴⁰ UNRWA currently operates or sponsors over 900 installations. Because UNRWA services such as education and healthcare are the type of services normally provided within the public sector, the Agency cooperates closely with governmental authorities in the area of operations, who also provide some services to Palestine refugees.

⁴¹ The MoEHE has worked on developing the Palestinian Educational Law, Palestinian Higher Education Law and the Palestinian Child Law.

⁴² Norway, Finland, Ireland and Germany-KfW signed the agreement. The JFA was also signed by the Prime Minister, the Ministry of Planning and Administrative Development (MoPAD) and the Ministry of Finance (MoF).

⁴³ Programmes include: teaching and learning material including educational technology; curricula improvement; advancement of school health, counseling and student activities; implementation of a Teacher Education Strategy; improvement of educational planning; and advancement of education management and administration

⁴⁴ In partnership with the UN, the European Union, the World Bank and USAID. Teacher Education Reform initiated by the MoEHE is a major achievement since it provides frameworks and standards for the implementation of the Teacher Education Strategy. Through this reform, the low qualification levels of teachers was highlighted and will need to be addressed. For instance, the MoEHE will need to look at further upgrading and improving teacher in-service programmes along with the provision of ongoing professional development.

⁴⁵ Notably the strategy focuses on issues such as access, school drop-out, TVET, low representation in some disciplines at higher education levels, gender-based discrimination in school curricula and representation of female teachers at tertiary levels.

⁴⁶ According to the 2011 EFA Global Monitoring Report, the oPt registered declines in pre-primary gross enrolment rates from 1999 to 2008.

⁴⁷ The 2011 EFA Global Monitoring Report provides further insight into the seriousness of responding to this need through its observation that unemployed, educated youth figure prominently in some armed conflicts, including in the oPt.

⁴⁸ This should include providing teachers with skills on how to support the psychosocial well-being of students while also addressing the psychosocial needs of the teachers themselves.

⁴⁹ For instance, inadequate education facilities and constraints to new-construction and rehabilitation in East Jerusalem and Area C have affected access issues and contributed to higher drop-out rates, as in Section I.

⁵⁰ Findings from Gaza also show that both teachers and student alike are functioning under immense strain which likewise affects their abilities to learn.

⁵¹ The specific conventions include: the 1972 Convention concerning the Protection of the World Cultural and Natural Heritage, the 2001 Convention on the Protection of the Underwater Cultural Heritage, the 2003 Convention for the Safeguarding of the Intangible Cultural Heritage, and the 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

⁵² The system includes the option of being referred for specialty care if the relevant expertise is not available locally.

⁵³ The main providers are the Palestinian Ministry of Health (MoH), UNRWA, Palestinian NGOs and the private sector.

⁵⁴ Whenever a research is being undertaken that involves e.g. taking blood samples from people, an ethical committee needs to review and agree to the research proposal.

⁵⁵ The PA's state objectives are to 'Develop an integrated, inclusive social safety net, which responds to the needs of marginalized groups; reduce the poverty rate; create employment opportunities to minimize vulnerability and promote self-sufficiency; and safeguard social safety of senior citizens, children, women and persons with special needs.'

⁵⁶ PCBS has been working on improving the poverty estimates methodology which will likely have substantive implications on the social protection sector,

⁵⁷ PA Ministries of Planning, Health, Education and Higher Education, Islamic Wakaf and Finance, key local and international partners, and others were involved in the SPSS.