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

**Report to the  
Ad Hoc Liaison Committee**

**Brussels, 20 March 2018**

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

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

The reporting period is 1 September 2017 to 28 February 2018, unless otherwise noted. Many references fall outside this period to illustrate relevant trends.

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

Previous UNSCO reports to the AHLC and Security Council Briefs can be found at: <https://unsco.unmissions.org/ahlc-reports>

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## List of Acronyms

AHLC	Ad Hoc Liaison Committee
ARG	Arab Regional Grid
COGAT	Coordination of Government Activities in the Territories Unit
ECD	Early childhood development
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GEDCO	Gaza Electricity Distribution Company
GNC	Government of National Consensus
GPP	Gaza Power Plant
GRM	Gaza Reconstruction Mechanism
HRP	Humanitarian Response Plan
ICA	Israeli Civil Administration
IDF	Israeli Defense Forces
IEC	Israel Electric Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
ISF	Israeli Security Forces
Kg	Kilogram
Km	Kilometer
kV	Kilovolt
m <sup>3</sup> /d	Cubic metres per day
MCM	Million cubic metres
MW	Megawatt
MoEHE	Ministry of Education and Higher Education
MoH	Ministry of Health
MoNE	Ministry of National Economy
NGEST	Northern Gaza Emergency Sewage Treatment Plant

NM	Nautical mile
NIS	New Israeli Shekel
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the High Commissioner for Human Rights
oPt	Occupied Palestinian territory
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PENRA	Palestinian Energy Authority
PLO	Palestine Liberation Organization
PMA	Palestine Monetary Authority
PNDP	Palestinian National Development Plan
PWA	Palestinian Water Authority
SGDP	Southern Gaza Desalination Plant
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	Office of the Special Coordinator for the Middle East Peace Process
US	United States
WASH	Waster, Sanitation and Hygiene
WFP	World Food Programme
WHO	World Health Organization

## Executive Summary

The political, humanitarian and economic developments of the past six months, underscore the urgent need for a resumption of meaningful negotiations between Israel and Palestine. Only a negotiated two-state solution, based on internationally recognized and agreed principles, and as enshrined in relevant UN Security Council resolutions, can bring lasting peace.

While the reporting period witnessed new opportunities, through Egyptian mediation, to return Gaza under the control of the Palestinian Authority (PA), this process has yet to bring economic, humanitarian and social relief to the people of Gaza. On the contrary, the humanitarian crisis in the Strip has only deepened amidst increasingly complicated electricity, water and public health concerns, and an uncertain political future. At the same time, the United States (US) decision to recognize Jerusalem as Israel's capital and subsequent withholding of funding from the United Nations Relief and Works Agency (UNRWA) have increased the levels of anxiety on the ground. The latter has also raised concerns over the international community's ability to effectively deal with the deteriorating humanitarian situation.

While levels of violence in the West Bank and Gaza over the period remained relatively low, the spike in incidents over the past three months and deteriorating humanitarian conditions remind us of the potential for escalation. The period saw continued construction and expansion of illegal Israeli settlements in the West Bank, including East Jerusalem. It also witnessed further violations of human rights by all sides. The overall picture remains deeply worrying as hope continues to diminish for a political resolution to the conflict.

Once again, it is necessary to focus our collective attention on Gaza as it continues to present the greatest risk of escalation alongside an acute humanitarian crisis with the potential for a complete breakdown in service delivery. UNRWA services and other United Nations (UN) assistance in the form of donor-funded emergency fuel for critical infrastructure, as well as fuel purchased from Egypt, provides a critical lifeline for Gaza's health, sewage and water treatment facilities.

To properly address the issues, a concerted and multi-tiered approach by the PA, Israel and the international community is required. First and foremost, we must tend to the humanitarian crisis which means ensuring that hospitals and health clinics function, essential drugs are available, sewage and water treatment is provided and the electricity situation is immediately improved. Second, increased efforts are needed to finalize the reconstruction of physical damages from the 2014 conflict, and simultaneously to revive Gaza's moribund economy, and revitalize its productive sectors. Third, in order to ensure that the Strip remains livable, the longer-term infrastructure projects underway to help meet current and future electricity needs and provide sewage treatment and clean drinking water, must move forward. Only by linking these three layers of intervention can we ensure a sustainable future for Gaza.

In addition to the commitment of the PA, Israel, and the international community, the success of these efforts, also requires a changed political reality. This means the resumption by the PA of its full responsibilities for the people, governance and infrastructure of Gaza. At the same

time, Hamas must cease to undermine the PA's presence on the ground as well as its military build-up, including the construction of tunnels and the firing of rockets towards Israel. Critically, Israel's closure regime must also be fundamentally changed to allow for the recovery and development of the Strip through movement and access of people and goods. These are the minimum conditions required to put Gaza on the road to recovery and to prevent renewed conflict.

With completion of the outstanding reconstruction of damages from the 2014 conflict within reach, the main impediment is regrettably the lack of funding. Close to half of the US\$3.5 billion pledged at the 2014 Cairo conference has not been disbursed. This is required in order to fill the critical gap of some US\$200 million needed to complete the reconstruction of 3,000 totally destroyed, and 56,000 partially damaged, homes. Much of the reconstruction was facilitated through the temporary Gaza Reconstruction Mechanism (GRM). The GRM has enabled more than 100,000 private individuals, hundreds of private sector businesses and many international organizations to import material, which Israel considers have dual military and civilian use.

On 14 February 2018, Israel and the Palestinian Authority agreed to conduct a joint review of the GRM to improve its functionality, transparency and predictability and to review the restrictions on the import of "dual-use" items, with the aim of reducing the number of items with this designation. The review should form the basis for a discussion of the future of the mechanism and ways of facilitating a reinvigoration of the private sector economy in Gaza.

The focus on Gaza is not to diminish the situation in the West Bank where the Palestinian population continues to suffer from the prolonged protection crisis engendered by Israel's ongoing military occupation. Indeed, movement restrictions, settlement expansion and demolitions continue to impact the lives of large numbers of Palestinians in the West Bank. The situation in Area C remains a serious concern where the majority of land remains off-limits to Palestinian development. Israel's control over Area C largely prevents Palestinian access to some of the West Bank's most fertile land and rich natural resources. The restrictive and discriminatory zoning and planning regime, and designation of land for exclusive Israeli use, continues to obstruct Palestinian development and further erodes the viability of Palestinian statehood. Only five out of the 110 community-driven local outline plans have been approved so far and less than 1% of Area C remains available for Palestinian construction.

## **I. Introduction**

This report provides an update on the overall context in which the Government of Palestine is implementing its first year of the National Policy Agenda 2017-2022. As in previous years, the first section of the report reviews the overall situation over the past five and a half months (the reporting period is 1 September 2017 to 28 February 2018, unless otherwise noted) covering in particular the political, humanitarian, and human rights situations.

Last year, the UNSCO May 2017 report to the AHLC contained a section focusing on Gaza which provided an analysis on the impact of ten years of Hamas rule, the imposition of Israel's closure regime, the Palestinian internal divide and three devastating rounds of hostilities on the situation in Gaza. This year, and owing to the continued deterioration of the situation in Gaza, this report will again include a section dedicated to the situation in the Gaza Strip. The section will articulate the impact of the ongoing crisis, and outline the multi-tiered response needed in the short, medium and longer term to turn Gaza around.

## **II. Context**

### **Political**

In mid-October 2017, Palestinian factions met under Egyptian mediation and agreed on a process to end the current divisions that includes the Palestinian Authority's return to Gaza as well as discussions on broader reconciliation. Meanwhile, on 6 December 2017, US President Donald Trump announced his country's recognition of Jerusalem as Israel's capital and that the US would begin the process of moving its embassy from Tel Aviv to Jerusalem. What followed included increased diplomatic activity by most UN Member States aimed at reiterating their support for the international consensus that the status of Jerusalem can only be determined through negotiations between the parties, alongside a spike in violence on the ground in both Gaza and the West Bank. In January 2018, the US withheld some US\$300 million in contributions to UNRWA, raising concerns about the ability of the UN to respond to the deteriorating humanitarian situation in an effective manner.

Efforts to reconcile Palestinian factions and return Gaza to the legitimate Palestinian Authority gained some momentum in September 2017 when Hamas announced the dissolution of the controversial Administrative Committee and called on the Government of National Consensus (GNC) to assume its leadership responsibilities in Gaza. In reconciliation talks brokered by Egypt, Fatah and Hamas agreed in Cairo that Hamas authorities would hand over all Gaza crossings to the GNC by 1 November 2017, that the GNC would be enabled to assume full responsibilities in Gaza by 1 December 2017, and that a Legal and Administrative Committee (LAC) would resolve the issue of Gaza's public service employees by 1 February 2018. While responsibility for the Gaza crossings was handed over as scheduled, the deadline for the GNC to assume its functions in Gaza was extended from 1 to 10 December 2017, and was subsequently passed without action or further extension. The two sides disagree on the status of the GNC's return to Gaza: Fatah claims that Hamas is preventing the GNC from assuming its full responsibilities and continues to function as a parallel government, while Hamas holds



that the GNC has already taken control of the ministries and other governmental institutions in Gaza.

Some ten days prior to the 1 February 2018 deadline for the LAC to finish its work, Deputy Prime Minister Ziad Abu Amr suggested that it would be possible to fill vacancies and absorb civil servants recruited since 2007. On 19 February 2018, in its 2018 budget presentation to the international community, the PA presented a draft supplementary budget to be deployed in the event of the full empowerment of the GNC in Gaza. It would provide for merging a maximum of 20,000 Gaza-recruited employees with the PA workforce and assuming responsibilities for additional operational and development expenditure in Gaza, in return for Hamas handing over full tax revenues collection and control of the civil police. On 4 March 2018, President Abbas approved the 2018 national budget with the provision that an increase in expenditure to facilitate the return of the Government in Gaza would require approval through another presidential decree, leaving the door open to an expanded budget that would enable the full empowerment of the Government in Gaza. This is an important development that the parties should build upon to advance implementation of the 12 October Cairo agreement.

Security arrangements remain a major area of disagreement between the two sides. President Abbas insisted in October 2017 that “everything [in Gaza] must be in the hands of the PA”, i.e. including security, unequivocally rejecting the “Hezbollah model” in Gaza. While some in Hamas have indicated a readiness to place weapons under PLO control if it is allowed to join the organization with a leadership role, its law enforcement agencies continue to exercise their functions in Gaza. On a positive note, the PA resumed its payments for 50 megawatt (MW) of electricity from Israel to Gaza in early January 2018, ending one of the measures it imposed on Gaza.

While some positive elements have come out of the Egyptian brokered discussions, unfortunately, the process has stalled. Despite ongoing efforts and claims by senior Fatah and Hamas officials that there is “no going back”, the two sides have not yet demonstrated the necessary commitment to take concrete measures to advance the process. Hamas leadership met separately with the Egyptian officials in Cairo from 9 to 28 February 2018. While the outcome of the talks remains unknown, Hamas officials indicated that Egypt will allow an increase in goods imported into Gaza via the Rafah crossing, even when the crossing would be closed to people. Azzam al-Ahmad, the PA official in charge of reconciliation, also met with Egyptian officials during this period and announced agreement in principle to increase electricity supplied to Gaza from Egypt from 28 to 50 MW. Meanwhile, Egypt sent a security delegation to Gaza on 26 February 2018 to follow up on the implementation of the October 2017 Fatah-Hamas reconciliation agreement, where they held talks with Hamas officials in Gaza and with visiting GNC ministers.

Turning to other key political developments, the 6 December 2017 announcement by US President Trump recognizing Jerusalem as Israel’s capital also noted that the specific boundaries of Israeli sovereignty in Jerusalem remain subject to final status negotiations between the parties. Reiterating his commitment to peace, the President called for the status quo at the Holy Sites to be respected and expressed his readiness to support a two-state solution,

if agreed to by the parties. The announcement was celebrated by Israeli politicians from the coalition as well as the main opposition parties, and was fiercely rejected by all Palestinian factions. The Palestinian leadership declared a ban on all bilateral contacts with US officials, rejected the US as the sole mediator between the sides, and called for reviewing existing agreements with Israel. Strong condemnations were made also by leaders in the region, as well as by the League of Arab States and the Organization for Islamic Cooperation. While a Security Council resolution was blocked by a US veto, on 21 December 2017 the General Assembly passed a resolution expressing “deep regret” over the decision. The weeks following the announcement saw heightened tensions and violence on the ground, including widespread clashes, an increase in rockets fired from Gaza, and retaliatory Israeli airstrikes.

On 17 January 2018, the US announced a decision to contribute only US\$60 million to the UNRWA programme budget for 2018, as compared with a total contribution exceeding US\$353 million for 2017 for the regular budget and emergency appeals for the oPt and Syria. The reduced funding is expected to have a significant impact on UNRWA’s ability to deliver food assistance and basic health and education services to vulnerable Palestinians in the West Bank and Gaza. UNRWA launched an emergency appeal on 30 January 2018, asking for US\$800 million for the West Bank and Gaza as well as for the Syria regional crisis.

On 31 January 2018, an Extraordinary Ministerial AHLC Meeting was convened by the European Union and Norway. Most interventions included support for the internationally agreed parameters towards achieving a two-state solution, and the resolution of all final status issues, including Jerusalem. All participants agreed that the situation in Gaza remained a cause for serious concern and agreed to redouble efforts to address the dire humanitarian and economic situations as a priority. The UNRWA Commissioner-General also addressed the AHLC Meeting and appealed for support to UNRWA noting that the dignity and human rights of millions of Palestine refugees was at stake. He also issued a public statement suggesting that the Agency’s funding gap could further destabilize the region which was already facing multiple security risks and threats, notably that of further radicalization.

In Israel, a series of legal and administrative developments took place over the period. On 2 January 2018, the Israeli Knesset passed an amendment to the “Basic Law: Jerusalem the Capital of Israel”, which would make it more difficult for Israeli governments to transfer areas currently in Jerusalem’s municipal jurisdiction to a “foreign entity.” At the same time, the amendment facilitates changes in the municipal boundaries of Jerusalem, in submitting those to decision by simple majority.

The planning and building of new settlement housing units continued during the reporting period. The Israeli Civil Administration’s (ICA) High Planning Committee advanced plans for some 3,800 housing units in Area C settlements, and an additional 1,200 units reached the final stage of approval before construction. Tenders for nearly 1,200 units were announced throughout Area C. On 4 February 2018, the Cabinet approved the establishment of a new independent settlement designated for the residents of the Havat Gilad outpost. While the Cabinet decision did not designate land, a timeframe or a budget for planning and building the

new settlement, it could *de facto* provide the outpost's residents with protection against eviction until the process is completed.

Over a year ago, the Knesset passed the controversial "Regularization Law", which could retroactively regularize cases where privately owned Palestinian land has been used for settlement purposes. It remains unimplemented pending its review by the High Court of Justice (HCJ). However, another HCJ ruling, published in November 2017, set a precedent by allowing the confiscation of private land in the West Bank for the exclusive public needs of settlers. These measures, a shift from previous Israeli policy and legal framework, could potentially allow the regularization of over 1,000 houses in settlements and remove legal obstacles to legalizing dozens of outposts built on private land, in part or in full, without formal authorization.

## **Human Rights Situation and Humanitarian update**

The relatively low level of violence which characterized most of 2017 gave way to heightened tensions throughout the oPt following the US announcement of 6 December 2017. During the reporting period, 1 September 2017 through 28 February 2018, 42 Palestinians were killed, three of them while carrying out or reportedly carrying out attacks. Six Israelis were killed by Palestinians in the West Bank or Israel during the same period. They include one Border Policeman, two security guards, and three civilians who were killed in separate shooting or stabbing attacks.

Although the August 2014 ceasefire continues to hold in the Gaza Strip, the situation remains tense with an increase in rockets fired from Gaza into Israel in December. There were 24 fatalities in Gaza during the reporting period, half of them Palestinian militants killed in a cross-border tunnel, one out of three such tunnels destroyed by Israel during the reporting period. In addition, 1,100 Palestinians were injured in Gaza, mostly during clashes with Israeli Defense Forces (IDF) forces along the fence, compared to 210 injuries in all of 2016. Israeli officials have referred to the regular protests along the Gaza fence as being organized by militant groups in an attempt to breach into Israel or place explosive devices aimed at IDF troops.

The reporting period saw at least 105 incidents of settler-related violence resulting in either Palestinian casualties (one killed and 48 injured) or damage to Palestinian property. This constitutes a 40% increase in the number of incidents compared to the previous six months (74 incidents in March-August 2017). In January 2018, settlers' attempts to enter and/or attack Palestinian communities in the northern West Bank, where Israeli Security Forces (ISF) were deployed, sparked clashes between Palestinians and the ISF on several occasions, accounting for 125 Palestinian injuries in total. During the reporting period there were at least 89 Palestinian attacks against Israeli settlers resulting in casualties (three killed and 23 injured) or property damage, a 29% decline compared to the previous six months.

Concerns over the use of force by ISF continue amid reports of live ammunition being used apparently without warning and often without having attempted to control the situation with less-lethal means first, as required by the Basic Principles on the Use of Force and Firearms by

Law Enforcement Officials. Four Palestinian boys were killed in the West Bank since January 2018 in the context of stone-throwing incidents. Israel has announced the opening of an investigation into the use of force in at least two of these instances.

In September 2017, the IDF Chief of Staff announced his decision to shorten by four months the 18-month sentence given to Sergeant Elor Azaria in January 2017 for manslaughter. The 18-month sentence for fatally shooting in the head an incapacitated Palestinian wounded while allegedly carrying out a stabbing attack had already been qualified as excessively lenient by the High Commissioner for Human Rights.

In January 2018, the media reported that the IDF soldier who shot into a Palestinian car from route 443 on 21 June 2016, killing a 15-year-old and injuring four other occupants of the car, including three children, will not stand trial, and will be dismissed from the army for failure in conduct during the incident.<sup>1</sup>

There are also continuing concerns with regard to the use of force in the context of search and arrest operations. During the reporting period, the East Jerusalem neighbourhood of Al Issawiya, as well as several locations of regular protests, saw an increase in night raids, arrests, and searches and witnessed some incidents involving the confiscation or destruction of property. Military operations in Nablus and Jenin to search and arrest the suspects in the killings of the two Israeli citizens in January and February 2018, resulted in violent clashes, some reportedly included live fire exchanges, causing high numbers of injuries, arrests and significant damage to property.

The fate of two Israeli civilians, Avera Mengistu and Hisham al-Sayed, who crossed into Gaza during the past four years continues to be unknown. Hamas has also not yet released any information on the status of two Israeli soldiers, Hadar Goldin and Oron Shaul, who have been missing in Gaza since the 2014 hostilities. Hamas authorities, who have referred to them as its “prisoners”, must provide all the information they possess about the civilians and the missing soldiers, and to enable their immediate return to Israel. Intentionally withholding information about missing persons violates international humanitarian law.

### **Arrests, detention and rule of law**

During the reporting period, there was a spike in arrests in the context of protests, clashes and search operations, with a high number of children arrested – over 3,600 Palestinians (including 814 children) were arrested by the ISF. Between 6 December 2017 and 31 January 2018, during the unrest following the US announcement on Jerusalem, a total of 1,190 Palestinians, including 310 children were arrested by the ISF.<sup>2</sup> Ahed Tamimi, a 16-year-old girl, was arrested on 19 December 2017 after she slapped, kicked and pushed two Israeli soldiers in the front yard of her family’s house. She was subsequently charged with 12 counts of security related offenses by a military court stretching back to 2016. Her trial before the military court started on 13 February 2018. She has so far been detained on remand for two months. The High Commissioner for Human Rights has expressed concern that under international law the

detention of a child must only be used as a measure of last resort and for the shortest possible time.

In the oPt, a law by decree on the establishment of a High Criminal Court was approved by President Abbas on 30 December 2017. The decree law was contested by civil society and the Palestinian Bar Association for violating fair trial guarantees and the independence of the judiciary thereby placing it at odds with Palestinian domestic law, and the human rights obligations of the State of Palestine.

During the reporting period, Hamas controlled courts in Gaza issued five death sentences against individuals convicted of a variety of offences, including murder, collaboration with Israel, and drug trafficking. One of these sentences was issued by a Hamas controlled “military court”. While international human rights law does not prohibit the trial of civilians in military or special courts, it requires that such trials be exceptional and in full conformity with fair trial guarantees inscribed in the International Covenant on Civil and Political Rights.

## **Demolitions**

During the reporting period, Israeli authorities demolished or seized 166 Palestinian-owned structures, throughout the West Bank, including East Jerusalem, displacing 243 Palestinians, including 124 children, and affecting the livelihoods of over 2,000 others. Of the demolished structures, 23 were funded by donors.

On 4 February 2018, Israeli authorities demolished two donor-funded classrooms serving 26 Palestinian school children in the Bedouin community of Abu Nuwar, one of at least 44 schools in the West Bank (36 in Area C and 8 in East Jerusalem) with pending demolition orders or stop work. The community of 670 is one of 46 Palestinian Bedouin communities located in Area C,<sup>3</sup> which have been targeted by the Israeli authorities for “relocation” to a number of designated sites.

In addition to demolitions implemented, the threat of demolition to homes and other structures continues. In October 2017, legal cases filed with the Israeli HCJ in relation to four Palestinian communities in the northern Jordan Valley concluded with rulings in favour of demolitions due to a lack of building permits. Consequently, more than 200 structures, 26% of which were donor-funded, are under threat of demolition. An estimated 171 people, over 50% of whom are children, are at risk of displacement. There are currently over 13,000 demolition orders pending against Palestinian property in Area C, out of which some 500 are ready for execution.

The majority of these structures were destroyed or put under threat of demolition due to a lack of Israeli-issued building permits. However, the restrictive and discriminatory planning regime in place in the West Bank, including East Jerusalem, enables Palestinians to obtain permits only on less than 1% of Area C, which is insufficient for the needs of the population, particularly for Bedouin and Herder communities. The average rate of approval of applications for building permits for Palestinians in Area C in 2007-2016, most of them for building outside the approved outline plans, was less than 4%.

Demolitions targeting the family homes of perpetrators of attacks against Israelis also continued during the reporting period three homes were demolished or sealed on punitive grounds, displacing 16 people. 2017 also witnessed continuing legal action by settler groups to evict Palestinians in East Jerusalem from their homes, with proceedings underway for some 180 Palestinian families. In September 2017, following protracted legal proceedings, a Palestinian family in East Jerusalem was evicted from the home in which they had been living since 1964 – the first eviction of a Palestinian family in the Sheikh Jarrah neighbourhood of East Jerusalem since 2009. The property was subsequently handed over to Israeli settlers, whose claim for pre-1948 ownership of the house eventually prevailed in court.

### **Shrinking civic space: Measures affecting human rights defenders and journalists**

Palestinians continued to be arrested and detained by both sides for their alleged political affiliation or opinions. Khalida Jarrar remains in Israeli administrative detention, as her detention order was renewed for another six months in January 2018. In the West Bank, there have been reports of political opponents being arrested upon orders of the Palestinian Preventive Security.

Human rights defender Issa Amro was arrested by the Palestinian Preventive Security on 4 September 2017 after having questioned on social media about the arrest of the Director of the Al-Hurryia radio station. Issa Amro was released on bail on 10 September 2017 and, as of the end of the reporting period, had not been convoked to court. This case is illustrative of the difficulties faced by human rights defenders in the oPt, as he is also facing charges in an Israeli military court for organizing protests in Hebron in his capacity as the founder of the non-governmental organization (NGO) Youth Against Settlements.

In Gaza, the Hamas security forces continued to arrest individuals for their alleged affiliation with Salafi groups. Since October 2017, at least eight of those arrested were children.

The Cybercrimes Decree-Law, signed by the President Abbas in June 2017, remained in force throughout the reporting period, despite protests by civil society and human rights groups criticizing this Decree-Law for infringing on freedom of expression and stifling the work of journalists and the media. It continued to be applied to charge journalists and social media activists.

### **Movement and Access Restrictions in the West Bank, including East Jerusalem**

Palestinians throughout the West Bank continue to be subject to a complex system of physical and bureaucratic barriers, imposed by Israel, citing security concerns. This restricts enjoyment of basic human rights, in particular Palestinians' right to freedom of movement, undermines livelihoods, and increases dependency on humanitarian aid.

Although the Israeli authorities have eased some long-standing obstacles in recent years, Palestinian movement is still restricted in East Jerusalem, with West Bank ID holders, except men over 55 and women over 50, requiring permits to enter the city. In the Israeli-controlled area of Hebron (H2), more than 100 obstacles, including 20 permanent checkpoints, segregate

part of H2 from the rest of the city resulting in extraordinary economic, social and humanitarian challenges and displacement pressures for Palestinians living there. Nearly 30% of Area C is designated as “firing zones” for Israeli military training, where residency or access is prohibited. Intense military training exercises between September and November 2017 in Firing Zone 918 in southern Hebron, together with the obstruction of key access routes, have exacerbated the coercive environment imposed on approximately 1,300 residents of 12 Palestinian herding communities in that area.

Palestinian farming access is also restricted around and within Israeli settlements, and in the “Seam Zone”, the area designated as ‘closed’ between the Barrier and the Green Line. The prior coordination system, whereby Palestinian farmers can access their land close to settlements for a limited number of days a year, was once again implemented during the annual olive harvest, from mid-September to mid-November 2017.<sup>4</sup> As in previous years, many Palestinian farmers complained that the period of time allocated was insufficient and that the IDF did not arrive at the designated time, leaving farmers vulnerable to attacks by settlers.

### **Humanitarian response and funding**

Humanitarian response continued during the reporting period, with the ongoing implementation of humanitarian projects in the West Bank and Gaza. At the end of the year, the 2017 Humanitarian Response Plan (HRP) was only 49.9% funded, below the global average of 59.2% funding for humanitarian appeals.<sup>5</sup> Clusters cited underfunding as a major factor contributing to the low achievement of cluster targets in 2017, particularly in the Education, Shelter and Non-Food Items, and WASH Clusters. At least 67% of the total HRP requirements for US\$547 million in 2017 were meant for Gaza.

At the end of 2017, the Gaza Urgent Funding Appeal for US\$25.2 million, which was released in July 2017 in response to the deteriorating humanitarian situation in Gaza, was approximately 80% funded.<sup>6</sup> Although positive in terms of urgent resource mobilization, the Appeal represents only a narrowly defined subset of much larger needs in Gaza. At the end of 2017, some US\$8.2 million was still required for non-fuel related programmes in the Gaza Urgent Funding Appeal in the WASH, Health and Food Security sectors.

In the fourth quarter of 2017, a multi-year Humanitarian Response Strategy for 2018-2020 was developed.<sup>7</sup> In the context of a protracted protection crisis, the 2018-2020 Strategy aims to move beyond single year operational planning, and to enhance synergies with other strategies for assistance including the UN Development Assistance Framework (UNDAF), with the aim of progressively addressing the underlying vulnerabilities and root causes of humanitarian need. Of the 2.5 million people identified as being in need in the oPt, 1.9 million will be targeted for humanitarian assistance in 2018. The financial requirements to deliver this assistance in 2018 will be US\$539.7 million, of which 75% is required for humanitarian response in Gaza, and the remaining 25% for the West Bank (Area C, Hebron H2 and East Jerusalem).

### **III. Gaza**

Gaza has experienced a prolonged deterioration in its humanitarian and economic situation, which has been exacerbated over the past ten years, and is now dire. In order to see any change in Gaza, an easing of the Israeli closure regime on the movement and access of people and goods is required. Hamas and other militant groups must also cease their military buildup and attacks on Israel, and stop all acts which undermine the PA as Gaza's legitimate governing authority. The PA must also immediately assume its responsibilities for the people of Gaza, and resume control over government institutions. This must remain a top priority. If the Government is not in a position to address the critical needs of the population, especially in the energy and health sectors, the humanitarian crisis in Gaza will deteriorate further, leading to a total systems collapse.

In light of the circumstances facing the people of Gaza, it is critical that we find solutions to bring immediate relief alongside efforts to ensure a medium and long term future. In addition to a changed political reality, a multi-tiered approach to rebuilding Gaza is needed. Immediate humanitarian relief must target the most vulnerable populations as well as find ways to increase energy and improve the health sector, while parallel efforts are undertaken to finalize the reconstruction of Gaza and the revitalization of the economy. Longer term projects to turn around the water and sanitation, and energy and gas situation need to start now. In this respect, construction of the long-awaited Northern Gaza Emergency Sewage Treatment (NGEST) Plant was finally completed in February 2018 and began its commissioning phase on 1 March 2018. Apart from construction and management and operations, ensuring a dedicated, continuous and sufficient energy supply, in the context of the overall energy shortage in the Strip, posed a significant challenge. In a positive development, a Memorandum of Understanding (MoU) has been signed between the Gaza Electricity Distribution Company (GEDCO) and the Palestinian Water Authority (PWA) for the required energy from the existing electric network to the plant as well as to the Southern Gaza Desalination Plant (SGDP). The SGDP, launched in January 2017, despite the MoU, only receives about 4-5 hours of electricity from the grid and only operates at 10-15% of its capacity. While the MoU should be implemented in full and represents a positive development, more sustainable solutions to ensure energy for infrastructure projects must be pursued. Other large and medium sized infrastructure projects to ease Gaza's water and electricity crisis also need to be facilitated on an urgent basis.

#### **Immediate Humanitarian Relief**

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

Despite the transfer of control of Gaza's crossings to the PA on 1 November 2017, there has been no discernible impact on the number of people allowed through the Israeli and Egyptian-controlled crossings. Palestinians exiting from Gaza through Erez Crossing declined by almost 50% in 2017 compared to 2016, and 2017 witnessed the lowest approval rate (54%) for permits for patients to exit Gaza via Erez Crossing for medical treatment outside Gaza, since the World Health Organization (WHO) began active monitoring in 2008. By the end of 2017, there was



an 85% decline in the number of businesspeople who hold valid trader permits for Israel, compared to late 2015, however a number of new permits for businessmen have been issued in February 2018.

Humanitarian and development personnel faced increasing difficulties in obtaining permits to enter and exit Gaza, and faced further limitations on items permitted through the Erez pedestrian crossing, generating operational difficulties for the affected agencies. Between 1 January and 28 February 2018, 43 UN personnel received permit denials and one-year bans, compared with 41 UN personnel throughout all of 2017. In addition, in 2017 the permit application processing time was increased to 55 working days, although a total of 214 applications submitted between 1 September 2017 and 28 February 2018 remained pending with no response by the date of travel. This represents 33% of the total applications submitted for Gaza-based UN personnel.

Movement through the Egyptian-controlled Rafah crossing declined in 2017. Between 1 September 2017 and 28 February 2018, the Rafah crossing was open in both directions on 11 days, allowing 4,051 people to enter Gaza and 5,833 people to exit. Over the same period, it was open in only one direction for six days, allowing 3,610 people to enter Gaza. Before the July 2013 closure, more than 4,000 Gaza residents crossed Rafah to Egypt each month for health-related reasons.

The Salah a-Din Gate adjacent to the Rafah crossing was open for the import of goods without PA coordination on at least four occasions during the reporting period.

Entry of non-fuel goods through Kerem Shalom crossing also declined during the reporting period. Between September 2017 and February 2018, 50,741 trucks of commercial goods (6.5% lower than the same period last year) and 2,362 trucks of humanitarian aid (16% lower than the same period last year) entered Gaza through the Kerem Shalom crossing. During the same period, 1,528 trucks exited Gaza with goods for the West Bank, Israel and other destinations, 62% higher than a year ago. January 2018 recorded a 20% decline in the amount of goods allowed into Gaza through the Kerem Shalom crossing, compared to the monthly average in 2017. Construction materials accounted for the largest drop, with imports down by 37% compared with the monthly average in 2017. The fall is likely the result of several factors including weakened purchasing power as a result of the overall worsening economic situation in Gaza. In addition, the Kerem Shalom crossing was closed for two days in January due to the discovery and destruction by Israel of a tunnel underneath it, and for one day in December following rocket attacks by militants in Gaza. In addition, Israel announced on several occasions that it had intercepted attempts to smuggle explosives and other contraband concealed in shipments of civilian goods.

The impact of restricting the movement of people and goods in and out of Gaza cannot be overstated. A comprehensive relaxation of the closures is needed immediately, with due consideration of legitimate security concerns, to allow all people, whether humanitarian workers, patients or businesspeople, to leave and enter Gaza. Goods must also be able to move in and out of the Strip, to allow the economy to start the long process of rebuilding.

## Energy Crisis

From June to December 2017, the PA reduced its payments for the Israeli supply of electricity to Gaza. As a result, for nearly six months, the Israeli supply was reduced by 50 MW from 120 MW to 70 MW daily. With fuel purchased from Egypt for the Gaza Power Plant (GPP), on average, the total supply of electricity during the reporting period was roughly 130 MW<sup>8</sup>, which only met about 30% of the demand (estimated at 450 MW) and resulted in an average supply of 4-5 hours of electricity per day.

Despite the PA's decision to resume payment for the full amount of the Israeli supply in early January 2018, and the subsequent resumption of 120 MW from Israel, the net supply has not increased by 50 MW. In its agreement to resume payments, the PA required GEDCO to contribute NIS10 million monthly towards the purchase of Israeli supply. This new, additional expenditure for GEDCO, has likely strained its already limited financial resources and affected its ability to purchase sufficient fuel for the GPP to operate at previous levels.

Since 22 January 2018, the GPP has produced at most 25 MW of electricity, effectively reducing its production by half, and significantly below its capacity of 140 MW. On a few occasions in 2018 the GPP has shut down completely, testifying to the precariousness of the supply of fuel from Egypt, which often depends on a safe passage from Sinai coupled with the financial resources.

The humanitarian consequences of the electricity crisis have been far reaching. The delivery of basic services, including health, water and sewage have been disrupted. To allow for the maintenance of a minimum level of critical services, humanitarian agencies have provided donor-funded emergency fuel to the most vital, life-saving health, water and sanitation facilities. In 2017, a total of US\$4.3 million was provided to support emergency fuel needs in Gaza. In 2018, US\$5.6 million is necessary to provide the absolute minimum required to avoid collapse in the provision of basic services.

However, emergency fuel is not a sustainable solution for the energy deficit. Measures to increase the supply sustainably and improve the financial viability of the sector will bring the electricity situation in Gaza out of its chronic vulnerability. Known technical solutions, including the establishment of the 161 kv line, the expansion of the GPP, and its reconversion to operate on natural gas, are long overdue and must continue to be pursued. However, even in the most optimistic scenario, they will take time. In parallel, short term measures to increase supply and mitigate its vulnerability must be implemented. These include: i) providing tax-exemptions on the purchase of fuel from Israel given the precarious supply of fuel from Egypt; ii) rehabilitating the fuel storage tanks at the GPP to allow for fuel reserves for at least several days when fuel imports through the Rafah crossing are disrupted;<sup>9</sup> iii) energizing all primary health care clinics with solar energy, thereby reserving available electricity for critical facilities and households; and iv) upgrading the connection with Egypt by replacing existing feeder lines, thereby doubling the maximum capacity of energy supply from Egypt from 25 MW to 50 MW. Preparation of a detailed plan and timeline for upgrading the Egyptian connections is a logical next step.

## **Health Sector Crisis**

The reporting period witnessed a significant deterioration in the health sector. The exhaustion of emergency fuel reserves forced the Ministry of Health (MoH) to implement contingency measures including the forced shut down of three health facilities, in order to allocate limited emergency fuel to priority hospitals. As a stop gap measure, the MoH provided NIS1,000,000 to allow priority hospitals to function. Generous donations of US\$9 million from the State of Qatar for emergency fuel, essential medicines, and supplies allowed the resumption of operations at the three shut down facilities, and a US\$2 million donation from the United Arab Emirates provided emergency fuel to health, and water and sanitation facilities for several months.

On 29 January 2018, following the almost total exhaustion of fuel reserves, the Beit Hanoun hospital, which serves over 300,000 people in northern Gaza, announced a halt in the provision of medical services. To maintain the provision of 700,000 liters of fuel per month to 175 critical facilities, US\$6.5 million is urgently required in 2018.

Solar panels can be instrumental in reducing dependence on emergency fuel for the health sector. Primary health care centers are not energy-intensive, and can operate solely on solar energy. Installing solar panels in these centres can assist in reducing the emergency fuel and energy requirements from the overall electric network. It is estimated to cost roughly US\$8.9 million to equip the 56 MoH-run primary health care centers with solar energy. Effective coordination between several donors interested in solar energy solutions and relevant institutions, such as the Palestinian Energy Authority (PENRA), GEDCO, and MoH, will be essential for mitigating the energy shortage for health facilities in Gaza.

During the reporting period, worsening of the perennial shortage of essential medicines and medical supplies also affected healthcare in Gaza. Despite a shipment of essential medicines by the PA to Gaza on 31 January 2018, stock levels remain drastically low. Of the 516 essential drugs, 42% were completely depleted. Many of these drugs are needed for emergency or surgical patients who are among the most vulnerable. On 15 February 2018, WHO delivered more than five tons of essential life-saving, medical equipment and over 20 essential medicines and surgical supplies to Gaza hospitals to meet the needs of over 300,000 patients and to prevent the collapse of Gaza's health system amid the electricity crisis.

In addition to funding constraints, coordination and information sharing gaps remain major bottlenecks for addressing medicine shortages; at any time, authorities in Ramallah may not know whether a drug is yet to be ordered, under procurement, or en route for delivery. It is recommended that the Prime Minister's Office establish a "Pharmaceutical Task Force", composed of senior MoH officials from Ramallah and Gaza, WHO, key donors, and members of the international community to support the MoH in assuming its full responsibilities in Gaza.

Facilitating the entry of health equipment under the auspices of the GNC can significantly enhance the capacities of Gaza's hospitals. For instance, entry of equipment for

mammography, radio-therapy and ultrasound examinations can assist in the early detection and treatment of breast cancers which are currently detected only at late stages in Gaza.

## **Reconstruction and Revitalization of the Economy**

### **The Gaza Reconstruction Mechanism**

As highlighted during the 14 February 2018 meeting between Palestinian Prime Minister Hamdallah, Israeli Major General Yoav (Poli) Mordechai and UN Special Coordinator Nickolay Mladenov, the sides remain committed to the GRM. This is primarily related to the need to finalize the reconstruction effort initiated after the 2014 conflict and ensure the disbursement of remaining pledges from the Cairo Conference. Nevertheless, the parties also agreed to a joint review of the GRM to maximize the mechanism's functionality, transparency and predictability. This review will need to look beyond reconstruction and look for ways to revitalize Gaza's economy and specifically its industrial sectors. The GRM was always meant to be temporary and a step in the direction of a full lifting of the closures in line with Security Council resolution 1860. As the PA takes increasing control over Gaza, Israel should be called on to respond with more relaxations of its regime. The past weeks have seen some progress in this direction, but stimulating markets requires predictability for movement of goods and people. For this to have a meaningful impact on the ground, engagement with and empowerment of the private sector is imperative.

### **Revitalizing the Economy**

Gaza's GDP per capita declined for three consecutive quarters in 2017. In tandem, the unemployment rate increased steadily in the first three quarters of the year before declining slightly in the fourth quarter, partly owing to seasonal agricultural work. Unemployment is currently at 42.7% (the majority younger than 30 years old). The annual inflation rate in January 2018 was less than 0.3%, with several sectors experiencing deflation.

Over the past year, thousands of employees in Gaza's public sector faced pay cuts of 30-50%, with employees of the de facto authority receiving even less. Cuts to UNRWA's funding compound the situation. As a result, the purchasing power in Gaza has declined significantly, impacting both the public sector – through declining collection rates for services, and the private sector - through reduced demand. There are increasing reports of reduced cash flow, loan defaults and bounced cheques.

A solid private sector is required to support economic recovery. The Israeli closures on Gaza continue to restrict the ability of private businesses to operate. Without access to markets, business connections, and the latest technology, private businesses in Gaza have seen lowered efficiency, and increased production and export costs. The key productive sectors in Gaza are impacted by tight restrictions on import of material. For most industries these restrictions have caused businesses to shut down and manufacturers to operate at a reduced capacity. Many businesses are using old machinery and equipment, and processing less raw material. Several businesses have had to reduce their standards of production due to a lack of access to

disinfectants and other chemicals. While taking into account Israeli security concerns, it is critical that a way is found to enable businesses to import the material and equipment needed to increase and improve production. Another critical element is to increase the numbers of permits for businesspeople. 2017 saw the lowest numbers of permits issued since 2007 resulting in lost business opportunities across all sectors.

In order to increase and enhance production there is a need to strengthen the skills and capacities of workers. Workers who were employed before the closures on Gaza have had little exposure to new techniques and technologies, and few opportunities for training and professional exchange outside Gaza. There is a need for investment in vocational training and capacity-building as well as the ability for the youth to leave Gaza on study programmes, and to develop business networks, particularly in the West Bank and Israel.

From mid-2007 until 2014, exports ceased almost completely, and have slowly increased over the past three years, reaching a third of the amount exported in the first half of 2007. Today, many products, including agricultural produce, fish, furniture and textiles, are *in principle* allowed to exit Gaza for either export or transfer to the West Bank, however export remains restricted to only a few approved companies. The process for export is long and costly and the conditions at the Kerem Shalom crossing jeopardize the quality of products.

For more than a decade, Gaza's fishing zone has been restricted to around 6 Nautical Miles (NM) with occasional further restrictions to 3NM during times of heightened tensions, and temporary expansions to 9NM during the sardine season over the past two years. The fishing zone has never reached the 20NM as agreed in the Oslo Accords. The restrictions on Gaza's fishing zone have damaged the livelihood of thousands of people in the fishing industry and their families. In addition, the shrinking fishing areas have led to overfishing in shallow coastal waters and a depletion of fish breeding grounds. An expansion of the fishing zone is key to increasing supply, employment and revenues in the fishing sector.

Gaza's services sector is its largest employment generator, accounting for approximately 54% of jobs and 24% of GDP. Within the services sector, the information, communication and technology (ICT) industry has the potential to be a major driver of income and employment. Easing restrictions on the import of communication equipment would enable the ICT sector to set up the infrastructure necessary for strong reliable internet connections. This, together with reliable electricity supply, would lower the operational cost of businesses. Enabling 3G/4G mobile data services would also enable the provision of a wider range of services, like real time monitoring of logistics, sales, and traffic.

#### **IV. Conclusion**

As we review Palestine's development trajectory, it remains clear that the absence of a political process aimed at ending the conflict continues to be the single largest impediment to progress. This prolonged period of conflict management, of transition without end, some 25 years after the beginning of the Oslo process, will not lead to a solution that meets the needs and aspirations of Palestinians and Israelis.

Events over the reporting period only reinforce this notion. The volatility around the issue of Jerusalem accounted for an increase in violence over the past months. Continued Israeli settlement expansion, demolitions, closure, access and movement restrictions and other aspects of the military occupation continue to profoundly impact the humanitarian, social and political life of the Palestinian population and its ability to exercise fundamental rights, including the right to self-determination. Similarly, the continuation of terrorist attacks against Israelis and their glorification by Hamas and other Palestinian factions, the continued militant activities in Gaza, and the crippling political division between the West Bank and Gaza, place severe obstacles to addressing those needs and restoring a political horizon. Both parties must commit to implement previously signed agreements including fighting incitement, refraining from provocative action and increasing Palestinian authority over parts of the West Bank that will foster economic growth, reduce dependency and preserve the viability of the two-state solution.

Gaza presents the most urgent situation. The UNRWA funding cuts are likely to have a destabilizing effect on an already precarious context. There is no adequate alternative or replacement for the services that UNRWA delivers. As stated above, it is these services and other UN programmes that provide a lifeline for the population. Absent proper funding, the availability of health, education and sanitation services will decrease significantly posing threats to public health. It is therefore critical that at a minimum, the PA returns to Gaza and takes on the responsibilities for bringing relief and change to the population. Hamas and the other factions must not stand in the way of the return of the legitimate Palestinian authorities.

Additionally, renewed international engagement will be needed to help the parties overcome key obstacles, notwithstanding the need for the parties to deliver on their own responsibilities. Israel is urged to immediately cease settlement expansion and activities and review its policy of closure on Gaza. At the same time, the PA must return to governing its entire territory with a fresh commitment to all of its citizens.

This requires sustainable solutions to allow for the reduction of humanitarian interventions in the West Bank and also in Gaza. It requires renewed focus to finalize remaining reconstruction in Gaza and to stimulate economic activity in Gaza and the West Bank, including East Jerusalem. This is entirely possible, but requires political will to ensure a political horizon.

A realistic approach to the situation is also critical. This is especially the case with regard to the combined funding gap for urgent humanitarian interventions, finalizing reconstruction and revitalizing the private sector economy as well as the medium to long term infrastructure projects that will ensure that Gaza is livable. With competing priorities and a changing international environment, the parties need to be aware that the generous support of key donors is not to be taken for granted. The UN and partners will continue to highlight the key concerns and areas for intervention. But the parties need to make the difficult choices and compromises to achieve a long overdue resolution to this conflict.

## V. Annex

### **Gaza Recovery and Reconstruction and the Gaza Reconstruction Mechanism**

The temporary GRM has been in effect for nearly 3.5 years. The mechanism has had a significant impact on the amount of construction material imported into Gaza, and enabled more than 100,000 private individuals, hundreds of private sector businesses and many international organizations to import material, which Israel considers as having dual military and civilian use<sup>10</sup>. Prior to the GRM, such imports were restricted to a handful of international organizations through bilateral coordination with the Coordination of Government Activities in the Territories Unit (COGAT).

Facilitated by the GRM, the annual amount of cement imported to Gaza has increased by nearly 1,000% compared to the pre-GRM situation. However, in recent months the amount of cement requested through the GRM has started to decline. January 2018 saw the lowest amount of cement imported through the GRM in 2.5 years (with the exception of the month of April 2016 when Israel temporarily suspended private import of cement). The decline can be attributed to a number of factors, including delays in approvals, lack of purchasing power inside Gaza and shortage of donor funding.

The GRM has been less successful in facilitating import of “dual-use” material other than cement and rebar. At the time of writing, nearly 3,000 requests remain pending in the system, more than 2,000 of them have been pending for more than 6 months<sup>11</sup>. However, the past few weeks have seen nearly 1,500 requests approved, compared to a monthly average of 319 during 2017. This is a significant improvement, which must be sustained. The lack of clarity and predictability on processing times causes great frustration as it creates economic risks for all involved, private sector as well as donors.

The first months of 2018 have seen significant and positive steps by Israel in relation to the GRM, including the approval of some 3,000 residential cases and nearly 130 private sector projects. These are welcome developments to rectify some of the approval delays in the GRM. However, the impact of such approvals will take time. Most people inside Gaza simply do not have the money to start construction works; donor funding for reconstruction has almost dried out, and tens of thousands of people have seen their salaries reduced. Moreover, many of the projects have been pending for up to 16 months with significant economic loss to businesses.

In the wake of the 2014 hostilities, the GRM played a critical role in facilitating repair and reconstruction of the large-scale damages to infrastructure and houses incurred during the conflict. Today, most of the physical damages have been repaired. This could not have been possible without the GRM.

However, lack of funding is currently preventing the completion of the reconstruction phase. To complete the reconstruction of physical damages of infrastructure and houses, an estimated US\$244 million are still needed, including US\$200 million for the rehabilitation of 3,000

totally destroyed and 56,000 partially damaged houses, US\$13 million for reconstruction of a destroyed hospital, US\$20 million for energy infrastructure and US\$11 million for water infrastructure. The timeframe for disbursement of the US\$3.5 billion pledged for Gaza's reconstruction at the Cairo conference was three years, or through the end of 2017. However, nearly half of the pledged funds have not been disbursed. It's critical that donors deliver on their pledges to complete the reconstruction. It is also critical that the Materials Monitoring Unit, which facilitates the mechanism on the ground, remains funded to ensure its full functionality.

The Government of Palestine's reconstruction and recovery plan for Gaza following the 2014 hostilities was ambitious, and we can be proud that we are now in the final stretch of the reconstruction. However, very little funding or support have been given to the recovery part of the plan. Particularly, rehabilitation is lacking behind for the private sector businesses and agricultural land and assets which were damaged during the conflict. There is a funding gap of some US\$400 million for rehabilitation of these sectors.

With hundreds of businesses and farmers still reeling from the impact of the conflict in 2014, compounded by the impact of more than a decade of Israeli closures and internal Palestinian divide, Gaza's private sector is quickly dissipating. Coupled with reduction in salaries for public employees, degrading public services and crumbling infrastructure, this will lead to a total institutional and economic collapse in the Gaza Strip.

With reconstruction targets of damages caused by the escalation of hostilities in 2014 within reach, the Governments of Israel and Palestine, on 14 February 2018, agreed to conduct a joint review of the GRM to improve its functionality, transparency and predictability.

The parties are encouraged to use the opportunity of a review of the GRM to simplify procedures, reduce delays, ensure greater predictability of approvals and timeframes, enhance transparency of rejections, and establish an appeals mechanism. The review should also include a review of items considered "dual-use" by Israel.

With improvements in the GRM processes and simplification of the "dual-use" designation, reconstruction and recovery efforts must turn their focus to sustainable recovery, including the rehabilitation and maintenance of public infrastructure and reinvigorating the private sector. The UN stands ready to assist the parties in implementing mutually agreed solutions in this regard.



## Endnotes

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<sup>1</sup> [www.haaretz.com/israel-news/.premium-idf-officer-won-t-be-indicted-for-opening-fire-against-rules-killing-palestinian-boy-1.5730351](http://www.haaretz.com/israel-news/.premium-idf-officer-won-t-be-indicted-for-opening-fire-against-rules-killing-palestinian-boy-1.5730351).

<sup>2</sup> Palestinian Prisoners' Society.

<sup>3</sup> <https://www.ochaopt.org/content/statement-acting-humanitarian-coordinator-opt-roberto-valent-israeli-authorities-destruction>

<sup>4</sup> According to the Israeli authorities, the prior coordination of Palestinian access to certain areas is required to reduce friction and ensure the safety of Palestinian farmers.

<sup>5</sup> According to the records of humanitarian funding contributed to the oPt 2017 HRP on the OCHA-managed Financial Tracking Service (FTS), <https://fts.unocha.org/appeals/529/summary>, consulted on 16 February 2018.

<sup>6</sup> Gaza Urgent Funding Appeal: <https://www.ochaopt.org/content/gaza-crisis-urgent-funding-appeal>.

<sup>7</sup> 2018-2020 Humanitarian Response Strategy and 2018 Humanitarian Response Plan at <https://www.ochaopt.org/content/2018-2020-humanitarian-response-plan-hrp>.

<sup>8</sup> This was composed of 70 MW purchased from Israel, 50 MW from the GPP and 10 MW from Egypt.

<sup>9</sup> The current storage tank can only hold 350,000 litres, which at 25 MW/day amounts to about two days-worth of fuel.

<sup>10</sup> GRM approvals and imports can be followed in real time at <https://grm.report/>

<sup>11</sup> <https://grm.report/#/DualUse/Approvals>