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

**Report to the
Ad Hoc Liaison Committee**

New York, 26 September 2019

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. Before the report is released it is discussed with the parties.

The reporting period is 1 April 2019 to 31 August 2019, 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/resources>

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List of Acronyms

AHLC	Ad Hoc Liaison Committee
CMWU	Coastal Municipalities Water Utility
EU	European Union
GCDP	Gaza Central Desalination Plant
GEDCO	Gaza Electricity Distribution Company
GMR	Great March of Return
GPP	Gaza Power Plant
GRM	Gaza Reconstruction Mechanism
HRP	Humanitarian Response Plan
IDF	Israel Defense Forces
INGO	International Non-Governmental Organization
IPS	Israeli Prison Services
ISF	Israeli Security Forces
KfW	Kreditanstalt für Wiederaufbau
NGO	Non-Governmental Organisation
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
PENRA	Palestinian Energy and Natural Resources Authority
PMU	Project Management Unit
PWA	Palestinian Water Authority
TIPH	Temporary International Presence in Hebron
UN	United Nations
UNCT	United Nations Country Team
UNDP	United Nations Development Programme

UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	Office of the UN Special Coordinator for the Middle East Peace Process
U.S	United States
VAT	Value Added Taxes
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme
WHO	World Health Organization

Executive Summary

Shortly after taking office in April, and in the midst of an unprecedented fiscal crisis, Prime Minister Shtayyeh articulated his intention to shift the Government's strategic approach with an increased focus on economic development and improved delivery of public services. The United Nations (UN) and partners welcomed this initiative and remain prepared to support the Prime Minister and his government throughout this process.

The backdrop, however, reveals an increasingly complicated situation on the ground. Daily violent exchanges between Israel and Palestinians persisted as tensions simmered in Gaza and the occupied West Bank. An obstacle to peace, Israeli settlement construction and expansion continued throughout the West Bank, including East Jerusalem. The internal Palestinian divide and Hamas' de facto control of Gaza, now entering its twelfth year, fostered an ever-widening split between Gaza and the West Bank. This reality, along with Israel's closure regime on Gaza and Hamas' militant activities, fuelled the deepening socio-economic crisis compounding international efforts to support delivery of basic services and economic development in the Strip. Additionally, the trend of decreasing donor support is diminishing capacities to meet the critical needs on the ground.

Relations between Israel and the Palestinian Authority (PA) also deteriorated in the absence of any peace process or political dialogue aimed at achieving an end to the conflict through a two-state solution. In this context, dialogue between the parties was relegated to a few practical, yet critical, areas of mutual concern. A case in point, the recent agreement for Israel to partially reimburse the payment of excise taxes on fuel purchases made by the PA is a welcome development and one that will provide temporary relief to the Palestinian Government. However, it does not bring us any closer to resolving the broader dispute over Israel's deductions of Palestinian tax revenue and the Palestinian refusal to accept transfers of VAT that Israel collects on its behalf, less than the full amount it is owed. The result is increased potential for far reaching and irreversible damage to the Palestinian economy.

In the West Bank, the period witnessed a worrying increase in the frequency of demolitions and seizures of Palestinian-owned structures and growing tension in East Jerusalem and Hebron. Weekly demonstrations at the perimeter fence in Gaza continued. While attendance fluctuated and although most demonstrators remained peaceful, many occasions were marred by violence resulting in Palestinian fatalities. The launching by Palestinian militants of incendiary devices and rocket fire towards Israel, and Israeli air and drone strikes on targets in Gaza saw two instances of significant escalation in May and August, both coming dangerously close to sparking a wider confrontation. At the same time, the actions of the Israeli Security Forces (ISF) in Gaza and the West Bank raised concerns about the degree of force used against Palestinians as well as the impact on children.

Over the past year, the UN and partners have continued to provide humanitarian and development assistance to the Palestinian people. The concerted effort to prevent conflict in Gaza and improve people's lives met with some modest, but important, results. While not fundamentally changing the harsh realities of life in Gaza, the interventions highlighted by the AHLC and spearheaded by the UN over the past year on energy, health, water/sanitation and job creation have made an impact and provided space for political efforts by Egypt, the UN and others to prevent renewed conflict and support the Palestinian reconciliation process. They have also provided an impetus for some larger scale development projects, such as the Gaza Central Desalination Plant (GCDP), to gain pace. Nevertheless, the economy is in shambles and Gaza grows more aid dependent as time goes on.

The impact on Gaza's health networks is particularly worrying and requires immediate attention. In particular, the provision of adequate infrastructure, supplies of drugs and disposables as well as equipment is urgently needed, alongside expertise to deal with the caseload of injuries requiring complex treatment resulting from the demonstrations at the fence. The consolidation of UN efforts in Gaza through the Project Management Unit (PMU) has been critical to this effort. It is expected that the PMU will expand its support in this and other areas, provided funding is available.

Introduction

This report provides an update on the political, humanitarian, human rights and the socio-economic situations in the occupied Palestinian territory (oPt) between 1 April 2019 and 31 August 2019. More detailed information on this is also provided in the UN's monthly briefings to the Security Council.

Political Context

The situation on the ground during the reporting period continued to be characterized by Israel's military occupation of Palestinian territory; settlement activity and the threat of annexation; Hamas' continuing hold over Gaza and its militant activity; the persistent threat of war; unilateral actions that undermine peace efforts and severe challenges to the fiscal viability of the PA.

On 9 April, Israelis went to the polls but after six weeks of coalition talks, Prime Minister Netanyahu failed to form a Government. New elections took place on 17 September. On 13 April, a new Palestinian Government, headed by Mohamed Shtayyeh, was sworn in.

On 25 and 26 June, an economic workshop was convened by the United States in Manama, Bahrain. During the workshop, an economic plan, which could be realized through a future Palestinian-Israeli peace agreement, was presented. On 28 August, the United States (U.S) confirmed it would not be releasing the political component of its peace vision prior to the Israeli election on 17 September. There were no other steps towards resuming negotiations between the parties. The PA has firmly rejected U.S efforts to advance its Middle East peace plan.

Gaza

Almost two years after the Egypt-brokered 2017 Cairo agreement, the UN continues to support Egyptian-led efforts to further advance intra-Palestinian reconciliation aimed at the reunification of Gaza and the West Bank under a single, democratic, and legitimate national government. UN and Egyptian mediation efforts also successfully prevented a full-scale escalation in Gaza and allowed for the implementation of some of the projects outlined in the AHLC package of Urgent Humanitarian and Economic Interventions for Gaza, approved in September 2018. The combination of preventive diplomacy, and humanitarian and economic relief to the population provided a much-needed respite from the relentless pressure placed on Gaza's population. However, as long as Gaza remains under the control of Hamas, intra-Palestinian divisions deepen, coupled with the persistence of Israel's closure regime and the absence of long-term political solutions, the situation in Gaza will remain very fragile.

Indeed, fragility, instability and a general lack of hope has continued to manifest itself in the weekly Great March of Return (GMR) demonstrations at the Gaza perimeter fence. While most demonstrators remained peaceful, some participants engaged in violent activities, such as launching incendiary and explosive devices towards Israel, planting improvised explosive devices or attempting to breach the fence. The ISF continued to respond using tear gas, rubber-coated metal

bullets and live ammunition. Thousands of civilians, including children, have been injured during the demonstrations. During the reporting period, Hamas and the Palestinian Islamic Jihad also continued firing rockets and mortars towards neighbouring Israeli towns, prompting retaliatory strikes by the Israel Defense Forces (IDF).

On 4 and 5 May, Gaza saw the most intense escalation since 2014, with over 700 rockets and mortars launched by Palestinian militants towards Israel. In response, Israel hit over 300 militant targets and 21 residential buildings over the course of 48 hours. According to OCHA, during these intense hours, twenty-eight Palestinians were killed, including three children - one of whom was killed by a rocket launched by militants from Gaza which fell short and landed inside the Strip - and 153 Palestinians were injured. Over the same period, according to Israeli sources, four Israelis were killed and 123 injured.¹

In another worrying development on 27 August, three Palestinian policemen were killed and three pedestrians injured in two separate suicide explosions targeting police checkpoints. Hamas stated on 29 August that its security forces in Gaza arrested a ten-member cell behind the attacks.

New Palestinian Government

Upon taking office, the new Palestinian Government expressed a clear commitment to advancing its development agenda on the basis of a revised National Policy Agenda. During its first Cabinet meeting, the Government emphasized a number of priorities including: the importance of increased productivity and competitiveness of the Palestinian private sector; the adoption of a geographical, 'cluster', approach towards development; the need for improved service delivery, with a focus on health and education; and reduced reliance on Israel. The United Nations Country Team (UNCT) is committed to supporting the Government in the development of its plans and to help inform policy making and identification of development priorities.

Nevertheless, the PA continues to face severe financial constraints in the wake of its ongoing fiscal crisis and weakening economy, leading to concerns over increased risk of violence and instability throughout the West Bank. The agreement concluded in late August, for the PA to receive some USD 568 million from Israel in reimbursed excise taxes on fuel, will bring some temporary relief.

Simultaneously, and partly as a result of the crisis, the PA has undertaken a series of measures during the reporting period to gradually decrease its reliance on Israel and strengthen its relationship with other partners. This includes the introduction of a policy towards cessation of medical referrals to Israeli hospitals and redirecting patients within the Palestinian system or to Jordan and Egypt, as well as promoting Palestinian replacements for Israeli products where applicable and exploring the import of fuel from Jordan and Iraq.

¹ The 123 reported Israeli injuries include 62 people treated due to psychological shock.

On 25 July, and in the wake of the demolition of nine Palestinian-owned structures in the occupied West Bank, President Abbas stated that the Palestinian leadership would suspend compliance with agreements signed with Israel and start putting in place mechanisms to implement this decision. Shortly thereafter, on 31 July, Prime Minister Shtayyeh stated that the Oslo Accords' classification of land into Areas A, B and C was no longer valid due to Israel's violations of the Oslo Accords. On 25 August, the Palestinian Ministry of Local Government issued a directive instructing all local authorities to expand their master plans on the natural basins (i.e. across the A/B/C divide).

Developments in the West Bank, Including East Jerusalem

During the reporting period, Israeli authorities advanced, approved or tendered some 8,600 housing units in Area C and East Jerusalem, including 700 units in Efrat and 600 units in Ma'ale Adumim, two large settlements in strategic locations that undermine the viability of a contiguous Palestinian state and North-South, East-West connectivity. The UN reiterates that the expansion of Israeli settlements is an obstacle to peace and constitutes a violation of international law, as stated in Security Council resolution 2334 (2016). In a rare step, the Israeli Government also granted construction permits for 715 housing units for Palestinians living in Area C.

In the wake of Israel's unilateral decision not to renew the mandate of the Temporary International Presence in Hebron (TIPH), the UN and partners intensified efforts to maintain presence in Hebron and ensure the continuation of humanitarian and other assistance. The international community is closely following developments in Hebron, in particular in H2, and remain concerned over the shrinking operating space for humanitarian agencies.

The situation in H2 has over the years led to the displacement of several thousand Palestinians who have left housing units and shops empty in the closed area of H2 and disproportionately affects children, in particular their access to education. In this context, the re-opening of a road in H2 in August, closed to Palestinian traffic for more than 20 years, was a welcome development and one that will benefit 20-25 families in the area. The UN is ready to work closely with the Hebron authorities and the Israeli Civil Administration to ensure improved living conditions and delivery of services and assistance to the Palestinian residents.

In East Jerusalem, al-Issawiya neighbourhood saw frequent clashes between ISF and Palestinians after the killing of a 21-year-old Palestinian by an Israeli policeman after he allegedly shot fireworks towards the ISF. Tensions remained high until the end of August, as ISF carried out raids, house search operations and arrests, often at night, triggering clashes with residents. In two instances, Israeli police summoned parents after allegations of stone-throwing by their young children, aged five and six respectively.

This year, the Muslim Eid al-Adha and the Jewish commemoration of Tisha B'Av coincided on 10 August, which led to tensions at Jerusalem's Holy Sites. Israeli authorities allowed Jewish visitors to access al-Haram al-Sharif / Temple Mount on that day under police protection. In the

days before the holiday, Muslim religious leaders had urged worshippers to come en masse to al-Aqsa Mosque for Eid prayers. In clashes between police forces and worshippers that took place before and during the entry of Jewish visitors into the compound, 29 Palestinians were injured, including the Chairman of the Islamic Waqf Council. According to media reports the ISF also sustained four injuries. In addition, several social and sporting events organized in East Jerusalem were prevented by Israeli authorities due to alleged linkages with the PA.

Violence, Demolitions, and Human Rights Concerns

Violence

Violence between ISF and Palestinians in the West Bank and Gaza resulted in 52 Palestinians being killed, including seven children, and 5,801 injured, including 2,444 children. Of the reported injuries, 2,390 were caused by teargas inhalation requiring medical treatment. During the same period, six Israeli civilians were killed, including one child, and 95 injured by Palestinian assailants and armed groups. Among the six killed, one was killed in a stabbing incident on 8 August near the settlement of Migdal Oz and another was a 17-year-old girl killed by an improvised explosive device near the settlement of Dolev on 23 August.

Settler-related violence remained a concern during the reporting period with 139 reported incidents, resulting in one Palestinian casualty and 34 injuries, as well as property damage.

Demolitions and Displacements

Demolitions and seizures of Palestinian-owned structures continued across the West Bank, reaching a peak in April in East Jerusalem, with 31 structures demolished in one day – the highest single day total monitored by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) since 2009. Despite the 3 May call by the Humanitarian Coordinator and UN Resident Coordinator, the Office of the High Commissioner for Human Rights (OHCHR) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for “an immediate halt to the Israeli authorities’ destruction of Palestinian-owned property in East Jerusalem,” on 22 July, authorities demolished nine buildings located in the Wadi Hummus area, citing their proximity to the separation barrier. Seven of the nine buildings were located in Areas A and B of the West Bank. This resulted in the displacement of 24 Palestinians, including 14 children.

In East Jerusalem, a total of 139 Palestinian-owned structures were demolished or seized, displacing 161 people, including 97 children. In the Wadi Yasul area of Silwan, a large amount of structures faces a heightened risk of demolition, which could displace as many as 500 people.

In Area C of the West Bank, demolition of Palestinian structures, on the grounds of lack of Israeli-issued building permits, has continued at a higher rate than in the previous two years. Between 1 January and 31 July 2019, the Israeli authorities demolished or seized 223 Palestinian-owned structures, displacing 238 people, including 107 children, compared to 133 structures, displacing

139 people, including 78 children, in the equivalent period in 2018. Of particular concern are the demolitions of two structures in July based on Military Order 1797, which authorizes an expedited process for demolition of unauthorized “new structures” in Area C and gives owners only 96 hours to demonstrate to Israeli authorities that they possess a valid building permit. On 3 July, the authorities delivered several demolition orders for structures in the Hebron governorate, the first such orders based on Military Order 1797. In Silwan, five members of the Siam family, including a single mother and her four children, were evicted from their home in Wadi Hilweh on 10 July, following the Jerusalem District Court ruling in favour of the Elad organization, which encourages Jewish settlement in East Jerusalem and claims ownership of the property. Currently, it is estimated that 200 Palestinian households have eviction cases filed against them, the majority initiated by pro-settlement organizations, placing approximately 900 at risk of displacement.

Human Rights and Protection

Several cases of Palestinians killed or injured by ISF, which have been detailed above, in particular in the context of the demonstrations at the Gaza fence, as well as in the context of clashes and law enforcement operations in the West Bank, raised concerns regarding the ISF’s use of force. On 9 September, the High Commissioner for Human Rights briefed the Human Rights Council on the situation in Gaza and expressed concern, that in cases monitored by OHCHR, “the use of lethal force may have been excessive” and that “no indication was found that the demonstrators – including children who were killed or seriously injured by live fire – represented an imminent threat of death or risk of serious injury to the Israeli soldiers, or anyone else.”²

Restrictions on fundamental freedoms, including arrest and detention

According to the Israeli Prison Services (IPS) data, as of 31 July 2019, 4,929 Palestinians, including 210 children, were in Israeli custody either in pre-trial detention or serving a sentence. A total of 454 Palestinians were under administrative detention, in contravention of international law. One Palestinian detainee died in Israeli custody on 16 July 2019. In addition, numerous Palestinians, including children, were arrested, briefly detained and in most cases released without charges as a result of search and arrest operations or in the context of clashes. In the month of August 2019, according to the Palestinian Prisoners Commission, the ISF arrested 470 Palestinians, including 50 children.

Concerns over politically motivated arrests or arrests for exercising freedom of expression, assembly and association by the PA in the West Bank and Hamas in Gaza persisted, as did concerns for insufficient fair trial guarantees and ill-treatment in detention. For example, in early June, 60 members of Hizb Al Tahrir Islamic Movement were arrested by Palestinian Security Forces in the West Bank, with most of them released without charges by early July. In Gaza, three men were arrested and ill-treated by Hamas for organising a peaceful bike race, perceived as contributing to normalisation of relations with Israel. Moreover, in the context of the suicide attacks on the

² <https://www.ohchr.org/FR/NewsEvents/Pages/DisplayNews.aspx?NewsID=24957&LangID=E>

Palestinian police in Gaza, hundreds of arrests were made by Hamas – some individuals remain in custody without charges. In addition, and despite the accession by the State of Palestine to the Second Optional Protocol to the International Covenant on Civil and Political Rights regarding the abolition of death penalty, two civilians were sentenced to death in Gaza by Hamas in 2019, according to the human rights non-governmental organisation (NGO) B'tselem.

Journalists and human rights defenders, as well as human rights, humanitarian and civil society organisations continued to face arrests, harassment and restrictions to their work and freedom of movement. OHCHR raised concerns over the Palestinian police's recent statement banning all activities of the civil society organization "al Qaws for Gender and Sexual Diversity in Palestinian Society" and calling on the public to report to the police their members and activities. The statement was subsequently withdrawn by the Palestinian police. Proceedings are also ongoing with regard to the request by the Ministry of Interior of Israel to deport the Israel and Palestine director of Human Right Watch; the Supreme Court of Israel is set to hear the appeal in the case in September 2019.

On 27 August, Palestinian families demonstrated throughout the occupied West Bank and Gaza, calling for the return by Israel of the bodies of Palestinians killed while allegedly carrying out attacks or in clashes with ISF. In a decision on 9 September, the Israeli Supreme Court reversed an earlier ruling and decided that Israel is authorized to withhold Palestinian bodies. According to the PA, 253 Palestinian bodies remain withheld by Israel.

The fates of two Israeli civilians held by Hamas and the bodies of two IDF soldiers missing in Gaza remain an important humanitarian concern.

UN Humanitarian Funding

Funding for the UN and international organizations in the oPt continued to be a concern. The Humanitarian Response Plan (HRP) for 2019 seeks USD 350 million to fund assistance and protection for the 1.4 million vulnerable Palestinians identified as the most in need of humanitarian assistance and protection. The 2019 HRP is currently 47 per cent funded. In June 2019, the oPt Humanitarian Fund was supporting 48 ongoing projects, totalling USD 22.5 million to address urgent needs in the Gaza Strip (76 per cent) and West Bank (24 per cent).

In August 2019, UNRWA announced that sufficient funds have been secured to allow schools in its five areas of operation to open as planned at the end of August, including for some 330,000 Palestine refugee students across the oPt. Nevertheless, concerns remain about UNRWA's financial situation in light of a projected financial shortfall of USD 120 million. Extensive fundraising efforts will continue in order to close the funding gap and ensure the continuation of UNRWA's essential and humanitarian services to Palestine refugees.

The World Food Programme (WFP) also faces substantial funding constraints and can currently reach only half of its beneficiaries in need of food assistance. WFP needs USD 12 million to maintain current levels of support in 2019, and additional USD 60 million for 2020.

Access and Movement

During the reporting period, there were 62,232 recorded entries into Israel from Gaza through the Erez Crossing. This represents a 22 per cent increase compared with the same period last year when 50,714 entries into Israel from Gaza were recorded. Israel, however, introduced further security measures at the Erez Crossing, including extended security checks of luggage at the vehicular terminal, an increase in the restrictions of electronic items, toiletries and clothing allowed for residents to carry with them when exiting Gaza, and refusals to allow for pregnant women to opt for a manual scan as opposed to the body scanner when crossing out of Gaza.

In the same period, the Rafah Crossing was open for a total of 67 days in both directions³ and a total of 32,392 individuals exited Gaza into Egypt and 36,259 entered Gaza from Egypt. Compared to the same period last year, the number of people entering Gaza almost doubled (18,061), while the number of people exiting was largely the same (34,265).

The reporting period also witnessed tightened restrictions on the movement of UN and international non-governmental organisation (INGO) staff in Gaza.

As of September 2019, 152 UN personnel, and approximately 110 INGO personnel are prohibited from applying for permits to Jerusalem and the rest of the West Bank for one year. No reasons for the bans have been shared with the UN. These numbers reflect a significant increase from 2017, when some 40 UN personnel faced a similar prohibition, and 2018 when 140 UN personnel and 73 INGO personnel were unable to travel. The result is that nearly all of the UN's national staff in Gaza are unable to travel out of the Strip for any reason, which impedes operations.

Hamas has questioned at least three UN staff members travelling through the Hamas-controlled checkpoint on the way out of Gaza to Israel. Hamas has also imposed regular and unpredictable restrictions on UN personnel movements inside the Gaza Strip, including flying check points and bans on UN personnel monitoring projects in the Access Restricted Areas. These procedures raise serious concerns and impede the UN's ability to undertake work on the ground.

Access concerns in the health care sector

Most Palestinian patient referrals require Israeli-issued permits to reach the required health services. Over one third of Gaza patient applications for Israeli permits were either denied or delayed in the first half of 2019. More than a quarter of permit applications were for patients requiring cancer treatment and diagnosis, and almost a third of applicants were under 18 years old.

³ At times the crossing remains open for passage in one direction. The total number of days the crossing was opened for passage in at least one direction was 159 during the reporting period.

The approval rate for Gaza patients has declined from 93 per cent in 2012 to 61 per cent in 2018. Access is also a major issue for patient companions and almost half of children travelling out of Gaza were unaccompanied by a parent due to access restrictions for parent companions.

In addition, access barriers are greater for those injured during demonstrations, compared to other patient groups applying for Israeli permits. Between 30 March 2018 and 31 July 2019, only 18 per cent of the 554 patient applications by those injured in the GMR for Israeli-issued permits to access healthcare in Israel and the West Bank were approved by the time of their scheduled appointment.

Economic and Fiscal Update

Since the last AHLC meeting in April, the UN and partners have been supporting efforts aimed at resolving the clearance revenue crisis. For more than six months, the Palestinian Government has refused to receive Israel's transfer of VAT revenues less than the full amount it is owed. In April, AHLC members clarified that the resulting fiscal gap could not be compensated by the international community in the short or long term. AHLC members also warned that unless something is done to address the fiscal crisis, the stability of the PA could be at stake and urged the parties to enter into dialogue to address the broad range of outstanding fiscal issues without further delay.

The adoption of an emergency budget, increased borrowing from banks and external support have mitigated the crisis to some extent. On 22 August, however, following months of consultations, Israel and the PA agreed for the Palestinian Government to receive approximately USD 568 million in reimbursed taxes levied by Israel on fuel. This is an important measure that will temporarily relieve the PA's financial situation. However, disagreement on the bulk of the tax revenue transfers remains. In this context, it is critical that both sides continue their engagement in a constructive manner and comply with the Paris Protocol on Economic Relations.

The ability of the PA to continue providing basic health, education, and welfare services beyond the fourth quarter of 2019 remains at risk and serious concerns endure over the PA's ability to uphold governance functions unless a solution to the crisis is found.

As a result of the fiscal crisis in March the PA announced a new policy ending patient referrals to Israeli hospitals, referencing lack of transparency and high cost of care. By July, Gaza referrals to Israeli hospitals had already dropped 31 per cent and West Bank referrals had dropped 37 per cent, compared to the monthly average number in 2018. A higher proportion of patients are now referred within the Palestinian system or to Jordan and Egypt. This has resulted in increased waiting times for some patient groups.

The West Bank, which accounts for around 78 per cent of the Palestinian economy and close to 90 per cent of the PA's tax revenues, continues to face the same challenges as previously reported by UNSCO to the AHLC last April. Efforts to facilitate and increase trade, the development of West Bank industrial zones, greater integration of West Bank and Gaza markets and a reduction in

import and export restrictions are essential to avoiding a collapse of the West Bank, as well as Gaza, economies.

Supporting increased economic activity through the Jericho, Bethlehem and Jenin industrial zones as well as others, could have a significant impact both in terms of employment and revenue generation. In addition, and as proposed by the Office of the Quartet and other partners, measures to reduce transaction costs for the Palestinian private sector are critical. These include expansion of the door-to-door shipping initiative, increasing operating hours at Allenby crossing/King Hussein Bridge and enabling containerization of Palestinian imports and exports.

Furthermore, through increased integration of the West Bank and Gaza markets, consumers as well as businesses will benefit. However, and in order to realize this, barriers to trade between the West Bank and Gaza, will have to be removed, or at a minimum reduced. Revisiting the dual-use restrictions and the opening of trade corridors could have great impact.

As a specific measure for East Jerusalem, addressing the high unemployment rates amongst youth should be prioritized. This would have an overall positive impact on economic activity in East Jerusalem while at the same time easing frustration often felt by unemployed youth. Unemployment rates currently stand at around 39 per cent⁴ and is one of the main factors contributing to the high poverty rates amongst Palestinians in East Jerusalem.

Since the withdrawal of U.S funding for the East Jerusalem hospital network, which amounted to USD 25 million annually and covered approximately 40 per cent of the networks' operational expenses, the financial situation of the six affected hospitals has deteriorated. As of June 2019, the PA owed the hospital network approximately USD 100 million. Since then the debt has been reduced to USD 65 million after financial contributions from the PA and the European Union (EU). However, and as debt continues to accumulate, East Jerusalem hospitals face problems with maintaining sufficient levels of medical supplies, upholding critical treatment functions such as for cancer patients, and covering overall operating costs.

Gaza

In 2012, the UNCT in the oPt issued a report posing the question, Gaza 2020, a liveable place? The report came as the result of deepening concerns over the trajectory of events in Gaza, pointing towards a total collapse of basic service functions and the economy. At the time, with the population set to grow from 1.6 million to 2.1 million, significant challenges in meeting humanitarian needs, upwards of 80 per cent of the population depending on some form of humanitarian assistance, a crippled economy and serious challenges faced by the health sector, it seemed unlikely that Gaza would be liveable in 2020 unless substantial change was achieved.

⁴ PCBS, Press Release on International Youth Day, 12 Aug. 2016.

Since the issuance of the 2012 report, mitigating actions taken by the UN and partners in the international community resulted in some improvements to the humanitarian situation and living conditions. These focused largely on the provision of basic services, and some measures to improve the economy. However, and as we enter 2020, it is clear that without the significant humanitarian and development assistance provided on an annual basis, the Gaza Strip may well already be unliveable.

According to the World Bank, the economy in Gaza contracted by seven per cent in 2018. This is the deepest economic downturn Gaza has witnessed, not as a direct result of conflict. Average unemployment rates in Gaza during the first half of 2019 currently stand at 46.5 per cent.⁵

The UN has continued to work with international and local partners to implement the critical economic and humanitarian interventions identified in UNSCO's last two reports to the AHLC in September 2018 and April 2019. These efforts have seen important results. Qatar has continued to fund the increased supply of diesel fuel for the Gaza Power Plant (GPP). As a result, the average daily availability of electricity has doubled from 5.5 hours a day in the first half of 2018 to nearly 12-15 hours a day in the first half of 2019.⁶ The increased power supply has had positive effects across sectors in Gaza, increasing water and wastewater treatment, reducing the need for expensive fuel to run hospitals and lowering costs of private businesses and families as well. The UN along with partners also undertook assessments on the feasibility of solar installations at health, water, sanitation and hygiene (WASH) and educational facilities in Gaza (see Annex I). Increased investments in renewable energy can complement and reduce reliance on imported or locally generated electricity.

As of the end of June, USD 16.2 million had been received to meet lifesaving trauma management and emergency healthcare needs and to scale up, enabling health cluster partners to undertake emergency interventions benefiting almost 450,000 people in Gaza and the delivery of drugs and medical supplies benefiting nearly 400,000 people.

While these interventions have led to some temporary relief, Gaza's health sector continues to face serious challenges. The already overstretched system has had to manage over 30,000 injuries, including some 7,500 children, and over 8,000 gunshot injuries, since the start of the GMR in March 2018.⁷ Between 20 and 30 per cent of injuries caused by live ammunition are likely to require complex surgical interventions and specialized medical treatment to avoid complications for the patients, including loss of limbs. As of July, 44 per cent of essential medicines were completely depleted, and 26 per cent of essential disposables were at less than one month's supply

⁵ <https://www.worldbank.org/en/news/press-release/2019/04/17/world-bank-calls-for-reform-to-the-dual-use-goods-system-to-revive-a-stagnant-palestinian-economy>

⁶ <https://www.ochaopt.org/page/gaza-strip-electricity-supply>

⁷ <https://www.ochaopt.org/content/humanitarian-snapshot-casualties-context-demonstrations-and-hostilities-gaza-30-mar-2018-0>

in Gaza. According to OCHA, 176 Palestinians, including 36 children, have been permanently disabled as a result of injuries inflicted during the weekly demonstrations.

Health workers, in particular those attending to injured demonstrators during the GMR demonstrations, face substantial operational challenges and are at great personal risk. From 30 March 2018 to 31 July 2019, three health workers were killed and at least 803 injured in 519 recorded incidents against health staff and facilities in the Gaza Strip alone.

In order to better target humanitarian assistance, the PMU has developed a monitoring system to understand which drugs are most critically needed and where they are required. It is critical that the Palestinian Ministry of Health cooperates fully with this effort and that Hamas authorities do not interfere with this work. In addition, and to move away from humanitarian assistance, fundamental improvements to the health care infrastructure, including electricity supply, access to clean water, upgrading of medical equipment and establishing a transparent and functioning supply chain for medicines and other essential goods, are key. In order to support the development of Gaza's health care sector, the UN is proposing a set of measures that can help address these deficiencies long term (see Annex II for a detailed outline).

In the WASH sector, and mainly as the result of increased availability of electricity, some improvements were seen throughout the year in the operations of Gaza's water and waste-water facilities, including the commencement of operations of the Khan Younis Waste Water Treatment Plant. In UNSCO's April 2019 AHLC report, a total of four projects, which are aligned with the Palestinian Water Authority's (PWA) strategy, were prioritized with a budget of USD 9.5 million to fund critical WASH projects for aquifer recharge, waste water treatment, water distribution and sustainable energy supply for WASH installations in Gaza. Since then, USD 7 million has been mobilized for three projects, two of which are fully funded and one partially funded. The funds were provided by Kuwait, EU, Kreditanstalt für Wiederaufbau (KfW) and the World Bank; however, there is still a deficit of USD 2.5 million to complete all four projects. The implementation will be done through the PWA and the Coastal Municipalities Water Utility (CMWU) and design work is currently ongoing. The PMU is also working to support the mechanism for the entry of materials for the GCDP and Associated Works. Construction work on the ground is expected to commence towards the end of 2019.

Some 10,000 temporary job opportunities have been created by UNRWA and the United Nations Development Programme (UNDP) thanks to Qatari and Swiss donations of some USD 24 million. These include doctors, teachers, nurses, engineers and a variety of other professions. With increased funding, UN agencies have the capacity to significantly scale up and improve these job opportunities, as well as implement other programmes aimed at supporting the economy and addressing unemployment more long term.

Out of the 10,000 temporary jobs created, 3,000 were given to women. A recent report by UN-Women has shown that increased employment for women in Gaza, can have a positive impact on

women's wellbeing and health, empowerment in the household as well as reducing interhousehold tension. Almost 20 per cent of the temporary job opportunities created by UNRWA were provided to recent graduates and 49 per cent of the skilled positions were awarded to youth.

The UN has been working closely with Israel, the PA and the private sector in Gaza to develop a wider package of support for Gaza's industrial sectors. This includes exploring ways of facilitating import of items that Israel considers "dual-use" as well as the export of produce and products from Gaza. Improvements to the infrastructure at the Kerem Shalom commercial crossing, designed to reduce economic losses and transaction costs, are also under consideration, as well as coordination of donors and agencies to support Gaza's industrial and commercial infrastructure including the potential establishment of a credit facility for soft loans to businesses. The Gaza Reconstruction Mechanism (GRM) Review was completed in 2018 and the Parties continue to regularly adapt the mechanism to better meet the needs of the private sector in Gaza, including better processes for the import of spare parts and the addition of more flexibility for materials to be transferred between businesses.

Despite these initiatives delivered in Gaza, the situation remains fragile, both in terms of continued insecurity and instability, rampant poverty and limited job opportunities. In addition, the provision of basic services, including healthcare and water, are short of meeting demand. It is therefore critical that the relative calm prevailing in Gaza is used as a window of opportunity to move towards more sustainable improvements in basic service delivery and investments in the economy. This requires vastly improved governance and cost-recovery mechanisms on the Palestinian side to ensure that the supply of energy, water and sewage treatment – and perhaps most critically, health care – are not instrumentalized by any party. For Israel, the granting of additional permits for businessmen and laborers, as well as extensions of the permitted fishing zone, are welcome. However, the impact of these measures has been limited and the UN calls for more consistent and meaningful efforts with regard to facilitation of exports and an increase in the import of "dual-use" items for industrial use.

Conclusions

Despite the temporary relief that the recent fuel tax transfer from Israel has given the Palestinian Government, the need to resolve the larger financial crisis over Israel's tax deductions made on the PA's behalf remains as urgent as ever. The damage that its continuation could bring about is beyond the capacity of the international community to mitigate through support programmes. As stated last April, the UN stands ready to work with the members of the AHLC and others, to support any effort aimed at finding a solution to the crisis. This is a prerequisite for the success of any initiative by the Palestinian Government to boost economic development.

In the absence of progress to resolve all final status issues, creating conditions for the parties to return to meaningful bilateral negotiations remains critical. For the time being, the international community continues to devote significant resources and energy into preventing conflict and

supporting the Palestinian people and Government through a variety of interventions across Gaza and the West Bank. Yet on its own, no amount of humanitarian or economic support will resolve the broader Palestinian-Israeli conflict. It requires political solutions. How long current efforts can continue absent a political horizon and steadily increasing needs is unclear.

One year after the AHLC's call for urgent humanitarian and economic interventions for Gaza, the response from donors has been enough to help reduce violence and lessen the impact of the ongoing humanitarian and economic crises. But these efforts were not designed to be open-ended and must be followed by a focus on addressing the political challenge of intra-Palestinian reconciliation, sustained investment by the international community, a significant relaxation of Israeli movement and access restrictions and a renewed commitment by the Palestinian Government to facilitate assistance. The question as we approach 2020 is not whether Gaza is liveable, but how much longer can it exist on the life support that the UN and international partners are providing.

While acknowledging Israel's security concerns, it is not possible to genuinely and sustainably improve the socio-economic situation in Gaza unless Israel significantly eases restrictions on the movement and access of goods and people to and from Gaza, with the goal of ultimately lifting them. At the same time, it is crucial to ensure that the current calm be sustained in order to gradually introduce longer-term projects that will support Gaza's development. Until such a time that concrete political solutions are found, Gaza will continue to lurch from crisis to crisis as its suffering Palestinian population remains locked in a desperate situation orchestrated by others. The impact on health care is particularly worrying and the UN is ready to work with the parties and donors to explore ways to immediately improve the situation and to ensure that adequate supplies of drugs and equipment, as well as critical care, is provided to those in need.

The persistence of violence, human rights abuses and the growing impact on children are also concerning. Yet under the current circumstances, the continuation of violence and tensions is by far the most likely scenario. AHLC members should remain committed to sharing this burden through a commitment to supporting the Palestinian economy, service delivery, and alleviating humanitarian needs. But they can never replace what the parties themselves must do, to take the decisive and transformative steps necessary to change the reality on the ground.

Annex I: Update on Urgent Humanitarian and Economic Interventions for Gaza

1. Alleviation of Energy Crisis

SUPPORT FOR GAZA POWER PLANT (GPP) OPERATIONS

- For most of 2018, Gaza received 120-140MW or 4 hours electricity/day. Thanks to a Qatari grant of more than USD 110 million for fuel for the GPP, the electricity supply since October 2018 has reached close to 200MW or 12-15 hours electricity/day.
- To reduce risk of disruptions to GPP operations, the fuel storage tank needs to be replaced and critical maintenance performed on the turbines. Contributions by Norway and Qatar have financed two fuel tank projects that are underway and are expected to be completed by the end of 2020.

IMPROVEMENTS TO THE MANAGEMENT OF ELECTRICITY SUPPLY

- As a first step towards broader reform of Gaza's energy sector, undertaking an audit of the Gaza Electricity Distribution Company (GEDCO), can help improve distribution and financial management issues in the electricity sector.
- Thanks to the financial support of the EU the audit process has now commenced. However, the Terms of Reference has not yet been agreed. The Palestinian Energy and Natural Resources Authority (PENRA), GEDCO, the EU and UN partners are currently in discussions to agree on the scope.

SUPPORT FOR NEW SOLAR ENERGY PROJECTS

- On 4 September, a launch of the solar energy assessments for the health, water and sanitation, and education sectors took place. The assessments estimate that some USD 50 million of solar investments will be required over the coming years to cover the needs in these sectors. In addition, a similar assessment for agriculture is underway.

USD 10 million/month to maintain the increased GPP operations
USD 50 million to equip Gaza's health, WASH and education facilities with solar power

2. Emergency Health Care

RESPONSE TO THE COLLAPSING HEALTH CARE SYSTEM

- Conflict-related trauma remains a major burden on the health sector in Gaza. Since 30 March 2018, more than 33,000 Palestinians have been injured in the context of demonstrations near the fence, more than half of whom required hospitalization.
- WHO estimates that 1,746 people require complex medical treatment.
- In July 2019, 254 essential medicines out of the total 516 essential medicines list (49 per cent) and 225 essential disposables out of the total 853 essential disposables list (26 per cent) were at less than one month's supply.

USD 7 million to meet lifesaving trauma management and emergency healthcare needs and to scale up emergency preparedness until 31 December 2019.

3. Water and Sanitation

INCREASED ACCESS TO CLEAN WATER

- Despite improvements to water and sanitation in Gaza, largely thanks to a USD 7 million contribution by EU, KfW and the World Bank in addition to the increased availability of electricity, more is needed.
- In order to complete the four priority projects for the aquifer recharge, wastewater treatment, water distribution and sustainable energy supply, addition USD 2.5 million is required.

USD 2.5 million to fund critical WASH projects for aquifer recharge, increasing waste water treatment and energy to existing desalination and waste water management facilities and to maintain and replace water networks in Rafah and Khan Younis.

4. Improved Access and Economic Conditions

- Poverty rates in Gaza were 38.8 per cent in 2011 and 53 per cent in 2017. Unemployment stood at 46.5 per cent in the first half of 2019 and 80 per cent of Gaza's population depends on humanitarian assistance. UN temporary employment programmes with the support of Qatar, Switzerland and the Islamic Development Bank has created over 10,000 temporary jobs that will last until 2020.
- Maintain extended fishing zone; stimulate agricultural production and industrial sectors by increasing import of "dual-use" material and improved movement and access for businesses.
- In order to build on and go beyond temporary job creation, additional efforts in supporting small businesses, industrial production and other livelihood activities are crucial.

USD 16 million/month for temporary employment can create some 53,000 skilled and unskilled jobs.

USD 2 million for small revolving loans to 50 businesses to cover operational costs over the duration of their production cycles.

USD 2.5 million to upgrade the Palestinian side of Kerem Shalom crossing.

USD 14 million to enhance livelihoods of up to 10,000 vulnerable farmers.

Annex II: Health Sector Development for Gaza

Gaza's health sector is facing significant challenges in providing adequate care for patients in Gaza. In order to address these challenges long term, the UN is proposing the efforts outlined below. It is important to note that these measures can only be successfully implemented with full support and cooperation from all duty-bearers along with financial support from the international community.

1. Supply Chain Development

- A key challenge, that has been partially addressed through the medical monitoring mechanism implemented by the PMU, is the availability and oversight of essential medicines and medical disposables in Gaza.
- Building on the monitoring initiative, and in order to address deficiencies identified by the Government and the World Health Organisation (WHO), the UN is proposing to assess, develop and support the operations of a new logistics framework for the supply chain for essential medicines and medical disposables in Gaza in support of the current efforts of the Palestinian Government.
- As a first step, the UN would review the current framework and based on best-practices globally propose improvements.
- In the first phase, a UN-led mechanism would have full oversight of the supply chain with a view to transfer this function to the local authorities over time.

2. Health Sector Equipment Upgrades

- The assessment should also support the PA and the international community in prioritizing investments into the health care sector as well as supporting access for equipment, maintenance personal and spare parts.

3. Infrastructure Improvements

- The health sector has been heavily impacted by the poor and unpredictable provision of basic services, in particular electricity and water.
- Through the establishment of dedicated electricity lines to four of the main hospitals in Gaza, and the installation of solar panels in health clinics, improvements in the delivery of health services have been realized.
- However, and in order to ensure the sustainability of these measures, long term solutions need to be implemented.
- These include additional investments in solar energy as well as the development of the energy and water sectors.
- The UN encourages the parties and the international community to support initiatives that can help ensure 24-hour availability of electricity and water in Gaza's hospitals and health clinics.