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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, 27 September 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 March 2018 to 31 August 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
HCJ	Israeli High Court of Justice
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 ³ /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 and Natural Resources 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 past six months have witnessed a further deterioration of the overall humanitarian and economic situation in the occupied Palestinian territory (oPt). This has been felt most acutely in the Gaza Strip where on both counts, it has reached crisis proportions with unemployment over 53%, a breakdown in service delivery and violence and tensions increasing with the highest number of casualties since 2014. The more than a decade old internal Palestinian division continues to push Gaza and the West Bank further apart with a combination of Israel's closure regime, Hamas' militant rule and measures put in place by the Palestinian Authority (PA) contributing to an overwhelming feeling of isolation in Gaza.

The prevailing sense of despair has fueled the regular demonstrations along the fence between Gaza and Israel that began in March. These events have included peaceful protests as well as targeted violent acts aimed at Israel, including the launching of incendiary devices, the planting of improvised explosive devices (IEDs), attempts to breach the perimeter fence into Israel and sniper fire across the fence targeting Israeli soldiers. On many occasions, Israeli security forces responded with live fire, which resulted in significant numbers of Palestinians killed and thousands wounded, including many with life-altering injuries. This escalation brought Israel and Hamas to the closest point of renewed conflict since 2014, with several rounds of rockets and mortars fired by Hamas and other militant groups towards Israel, and missiles and shells fired by Israel against targets in Gaza, causing casualties on both sides.

Meanwhile, in the West Bank, the Palestinian Government continues to implement its National Policy Agenda, now in its second year, but in an environment characterized by territorial fragmentation, lack of jurisdiction, limited access to natural resources, and dwindling financial support. Potential is stunted by the continued inability to access Area C and East Jerusalem. Israeli settlement expansion has continued in the West Bank, including East Jerusalem. Plans for some 2,800 units were advanced, some additional 900 units reached the final stage of approval and tenders for about 1,100 housing units in Area C and 600 housing units in East Jerusalem were announced. Violent incidents between Palestinians and Israeli security forces and civilians continued on an almost daily basis.

At the same time, the unprecedented reduction in funding, greatly exacerbated by the United States (U.S.) decision to divert its humanitarian and most of its development funding for Palestinians this year, has brought into question the ability of the international community to effectively respond to the increasing needs on the ground.

Faced with an overwhelming funding shortfall, UNRWA responded with an escalated fundraising drive, internal 'austerity measures' and efforts to prioritize support to Palestine refugees with the most critical needs. Other UN agencies and several non-governmental organizations (NGOs) have come under pressure on account of the non-disbursal of more than \$200 million from USAID's approved budget from fiscal year 2017. At the same time, despite the significant amount of aid still coming into the oPt, the needs remain greater than the availability of funds with the Humanitarian Response Plan a mere 29% funded for 2018.

The collective impact of the lack of funding to support the Palestinian economy and other development needs, UN Agencies and NGOs as well as on the humanitarian situation, in particular in Gaza, is tremendous. This is most obvious with regard to Gaza's humanitarian situation; however, offsetting the skyrocketing unemployment rate in Gaza is also a daunting task. For example, it will take an additional 53,000 jobs per quarter to lower the unemployment rate by 10 percentage points and will cost some \$16 million per month in wages.

Despite the myriad challenges, the UN and the international community continue to engage in Gaza in an effort to prevent another armed conflict and to ease the impact of violent confrontations, restrictions on access and movement, a devastated economy and failing basic services. The UN has also enhanced its capacity to support project implementation in Gaza and, together with partners, is actively moving forward on a number of projects to address some of the immediate challenges, particular with regard to electricity, water, health and employment. At the same time, the UN is working closely with the Governments of Israel and Palestine to review and improve the Gaza Reconstruction Mechanism (GRM), so as to be better placed to facilitate such projects and mitigate the impact of continued closures on the economy. However, as described, the situation is dire and the international community must come together in a more concerted effort to support these and other initiatives for Gaza as they present the only viable path to prevent an outright humanitarian disaster and avoid future confrontations.

I. Introduction

The first part of the report details the overall context over the past six months (1 March to 31 August unless otherwise stated), in terms of the situation on the ground, the operational environment and developments relevant to the Middle East Peace Process. The section includes updates on the political, socioeconomic and protection situations, which have a bearing on the needs of the Palestinian people and the roles of the PA, Israel and the international community.

The second part of this report is dedicated to Gaza. The section outlines the operational environment and situation on the ground, followed by efforts by the UN to respond to the deteriorating humanitarian, security and political situation and finally an update on the GRM and its review.

II. Context

II.1. Political and Socioeconomic Update

Developments during the reporting period cannot be divorced from the broader context: Israel's continued military occupation of Palestinian territory; continued Israeli settlement construction and demolitions of Palestinian buildings; uncertainties about the future of the peace process; Hamas' continuing hold on Gaza, its militant activity and arms build-up, including rocket attacks and tunnel construction; unilateral actions that undermine peace efforts; and significant shortfalls in donor support for the PA and humanitarian operations. The period also featured the worst escalation in violence in and around the Gaza Strip since 2014, while the West Bank saw regular violent clashes between Palestinians and Israeli security forces (ISF), as well as violent incidents between Israeli and Palestinian civilians.

II.1.A. Gaza

Since 30 March, thousands of Palestinians have been participating in weekly demonstrations near the fence between Gaza and Israel under the title "Great March of Return", calling for, *inter alia*, Palestinian right of return and ending of the Israeli closures. While the majority of demonstrators were peaceful, under their cover Hamas, the Islamic Jihad Movement in Palestine (PIJ) and other militants have engaged in violent and provocative acts. Hundreds have approached and attempted to breach the fence, burned tires, thrown rocks and fire bombs at Israeli forces, launched incendiary kites and laid IEDs at the fence. On three occasions, Palestinian rioters also broke into the Gaza side of the Kerem Shalom Crossing, looting and destroying vital equipment.

Israel's response to the demonstrations has raised serious concerns in the international community about the degree of force employed by its security forces in response (see Section II.2.B). By the end of August, 130 Palestinians were killed by Israeli forces in the course of demonstrations at the fence and thousands were injured. From the very beginning of these events, the United Nations Secretary-General and the Special Coordinator for the Middle East Peace Process have called for an independent and transparent investigation by the Israeli authorities into these incidents. The Secretary-General also called on the ISF to exercise

maximum restraint in the use of live fire, on Hamas and the leaders of the demonstrations to prevent all violent actions and provocations, and on all sides to show the utmost restraint to avoid further loss of life, including ensuring that all civilians and particularly children are not put in harm's way.

The protests and clashes peaked on 14 May, in commemoration of the Palestinian *Nakba* Day. The date also coincided with the opening of the U.S. Embassy in Israel in Jerusalem. An estimated 35,000 people protested in Gaza and hundreds in the West Bank including East Jerusalem. The U.S. Embassy move was condemned by the Palestinian leadership, despite assurances by the U.S. administration that it was not taking a position on any final status issues, "including the specific boundaries of the Israeli sovereignty in Jerusalem, or the resolution of contested borders." The same week, Guatemala and Paraguay also announced the relocation of their embassies to Jerusalem. These moves were welcomed by the Israeli Government as well as the leading opposition parties. The Secretary-General warned against unilateral actions and reiterated that Jerusalem is a final status issue that must be resolved through negotiations between the parties, based on relevant UN resolutions.

Violence continued throughout May and June, and tensions rose again significantly in July with an intensification of incidents along the fence, Hamas launching rockets, mortars and incendiary balloons towards Israel, and Israeli live fire and air strikes in Gaza. On 20 July, an Israeli Defense Forces (IDF) soldier was killed by sniper fire from Gaza, the first Israeli soldier killed in that area since 2014, leading to intensive retaliatory airstrikes that killed two Palestinian teenagers in the highly populated center of Gaza City and injured at least 25 others.

On 10 July and again on 17 July, Israel tightened restrictions on the movement of goods through Kerem Shalom crossing, banning all exports and limiting imports to humanitarian goods. Israel also reduced the fishing zone off the coast of Gaza from nine to three nautical miles. The additional restrictions were somewhat eased starting 15 August and the fishing zone was extended to nine nautical miles (See Section III.1.A for details and Section III.2.B for impact). Israel also placed additional restrictions on the movement of Palestinians from Gaza through the Erez pedestrian crossing from 20 August to 27 August.

Thousands of Palestinians demonstrated in Ramallah on 10 June against the restrictive measures imposed by the PA on Gaza. Demonstrators also demanded an end to the internal political divisions and the closures on Gaza. The PA has maintained a series of restrictive measures against Gaza since April 2017, including reductions in subsidies for fuel and cuts of up to 50% in the salaries of tens of thousands of public sector employees in Gaza. Most recently, the Government failed to pay these reduced salaries for the month of March. The totality of these measures resulted in a decline in the PA's monthly allocations for Gaza from \$125 million in 2016 to \$96 million currently¹.

As the situation deteriorated, Egypt, in close coordination and cooperation with the UN, intensified its effort to reach an agreement between Fatah and Hamas on the return of the PA to Gaza, which had been on hold after an assassination attempt on Prime Minister Hamdallah during his visit to Gaza on 13 March. Delegations from Fatah and Hamas shuttled to Cairo to

meet with Egyptian officials to discuss intra-Palestinian reconciliation in recent weeks. Despite a renewal of discussions and successive rounds of talks, implementation of the Egyptian brokered 12 October 2017 agreement between Fatah and Hamas remains stalled and the PA has not been empowered nor has it taken steps to resume its responsibilities in Gaza.

In response to requests made on 15 May by a number of members of the UN Security Council to present ideas to help prevent renewed conflict between Israel and Hamas and other militant groups in Gaza, Special Coordinator for the Middle East Peace Process Nickolay Mladenov outlined a revised approach to the situation in Gaza. Specifically, he stressed the need to support the Egyptian-brokered Palestinian reconciliation process and the return of the PA to Gaza; advancing urgent interventions to bolster the water, energy and health infrastructure in the Strip, alongside initiatives to increase income and employment in the short term; enhancing UN capacity to support and fast-track project implementation; and strengthening the UN's close coordination with the PA, Israel and Egypt to overcome political, administrative and logistical constraints. Among conditions for success, the Special Coordinator emphasized that the ceasefire achieved in 2014 must be observed and that all factions in Gaza must refrain from illicit arms build-up and militant activity on the ground. At the same time, Israel must do more to ease its closure regime on Gaza. The PA must re-engage proactively on Gaza and begin to assume its responsibilities for the population. All duty bearers need to facilitate humanitarian response as well as efforts aimed at addressing the Strip's collapsing energy, water and health infrastructure.

II.1.B. West Bank

Throughout this period, the situation in the occupied West Bank, including East Jerusalem, remained tense, as violence between Israelis and Palestinians continued, including sporadic stabbings and terrorist attacks, ISF search and arrest operations and other incidents.

Settlement activities continued during the reporting period, albeit at a lower rate compared to the previous six months. Plans for some 2,800 units were advanced and some additional 900 units reached the final stage of approval, compared to 3,800 and 1,200 units during the previous reporting period, respectively. Tenders for about 1,100 housing units were announced in Area C settlements, compared to 1,200 units during the previous period. In East Jerusalem settlements, after two years without tender announcements, a tender for 603 housing units in Ramat Shlomo settlement in the Shu'fat area of East Jerusalem was announced in August. Plans for 1,064 housing units in Pisgat Ze'ev (east of Beit Hanina) were advanced. In June, the Israeli authorities demolished 28 structures built on land privately owned by Palestinians in two settlement outposts, Netiv Ha'avot and Tapuah West, following a court order.

Planned demolitions in the Khan al Ahmar Bedouin community were postponed for a limited time consequent to two petitions to the Israeli High Court of Justice (HCJ) which were subsequently rejected (See Section II.2.D for details).

On 13 May, the Government of Israel approved five plans for government investment in occupied East Jerusalem, the largest amounting to \$550 million and aimed at closing gaps in infrastructure, service delivery and employment opportunities for the Palestinian neighborhoods.

On 22 May the Government of Palestine requested the Prosecutor of the International Criminal Court (ICC) “to investigate, in accordance with the temporal jurisdiction of the Court, past, ongoing and future crimes within the court’s jurisdiction, committed in all parts of the territory of the State of Palestine.”² A preliminary examination of the “situation in Palestine since 13 June 2014 with no end date” has been underway since 16 January 2015, following the Government of Palestine’s declaration of acceptance of the ICC’s jurisdiction under article 12(3) of the Rome Statute. The Israeli Foreign Ministry stated that the ICC lacks jurisdiction over the Israeli-Palestinian issues, since Israel is not a member of the ICC and the PA is not a State.

In April 2018 the PA endorsed the Area C Strategic Framework and Action Plan for the years 2018 and 2019 through the Area C National Coordination Office (ACCO). This new strategy stems from the priorities of the National Policy Agenda. The Framework was prepared in a participatory manner with commitments from all relevant stakeholders. It seeks to align existing policies and plans, addressing gaps, and to put forward an action plan for improving the livelihoods of Palestinians through developing the infrastructure and the built environment of Area C, building a stronger local and national economy, and strengthening education and health platforms that are accessible across the entire Area C. The Framework will also help enhance coordination and ensure better alignment of the various interventions in place with the Government’s priorities and help achieve integrated planning and implementation across the geopolitical division. Special focus is on advocacy and legal support to defend the human rights of Palestinians in Area C.

UN entities continue to operate in Area C to respond to the chronic needs of the Palestinian communities, foster resilience, and enable development. These interventions include monitoring and reporting human rights violations, provision of spatial planning support, development of social infrastructure, rehabilitation of water resources, support to livelihood and economic activities, and provision of coordinated advocacy and legal support.

II.1.C. Financial Situation

During the reporting period, several political decisions by Israel and donors have cast a shadow on the PA’s financial situation at a time when external budget support has been on the decline.

On March 23, 2018 the Taylor Force Act was signed into law by the U.S. President. The Act prohibits provision of any Economic Support Fund assistance to the West Bank and Gaza that would directly benefit the PA unless the Department of State certifies that the PA, PLO and “any successor or affiliated organizations” meet a series of conditions. These include ceasing payments to perpetrators or alleged perpetrators of attacks against Israeli or American citizens, or to the family members of those individuals, and revoking any Palestinian legislation that ties

compensation to Palestinian prisoners or detainees to the duration of their sentence or period of incarceration. Certain humanitarian payments are exempted from the Act's provisions.

On 2 July Australia decided to redirect some \$7.4 million from direct PA budget support to the UN Country Based Humanitarian Pooled Fund in the oPt.

On 2 July, the Knesset passed a law requiring the withholding from clearance revenues the amount that the PA annually spends on payments to prisoners and detainees convicted, or accused, of security offenses against Israelis, to their families, as well as to families of Palestinians killed or injured in attacks or alleged attacks against Israelis. Initial estimates (based on Israeli indications of the amount of clearance revenues likely to be withheld) indicate that the implementation of this law could have a significantly negative impact on the PA's fiscal situation because of a revenue loss of some two percentage points of gross domestic product (GDP), and resulting in a 70% increase in the financing gap over the 2018 baseline. Over the next five years, this could lead to the PA's public debt increasing to 63.5% of GDP³ as compared with 53.5% of GDP in absence of such revenue loss.

Talks between the Israeli Ministry of Finance and the Palestinian Ministry of Finance and Planning failed to achieve significant results. A ministerial level meeting in June concluded with a release of NIS160 million in withheld health stamps covering the period of July 2017–May 2018 by Israel.

In August, the U.S. released withheld funds to the PA for security assistance. However, on 23 August, the State Department announced that, following a review of U.S. assistance to Palestinians, it would redirect over \$200 million originally slated for USAID programmes in the West Bank and Gaza. In the following days it became clear that the some \$230 million of the U.S.'s Economic Support Fund for the oPt for fiscal year 2017 will now not be disbursed. The cut will constrain operations of several NGOs as well as UNRWA. In particular it will cripple support programmes in Gaza, further lowering purchasing power and employment. The reduction in USAID's budget will also impact on the ability of international NGOs (INGOs) to deliver food and non-food cash assistance to the most impoverished households in Gaza. Several INGOs have been forced to lay off staff and might need to undertake further layoffs in 2019 unless funds become available. The cuts include some \$25 million in support to the East Jerusalem Hospital Network which treat patients referred from hospitals in the rest of the West Bank and Gaza. Subsequently the PA announced that it will cover the reduced funding from its own budget.

In August, the U.S. administration also announced that starting 2019, it will cease all funding to UNRWA. Details on and impact of the consequent shortfall in UNRWA's budget are discussed in sections II.2.F and III.1.B. In totality, the reduction in U.S. assistance to Palestine will leave a large expanse of unmet needs for basic services, that the PA will need to respond to.

In light of the PA's embattled fiscal situation, it will be important to reduce leakages from the PA's revenue sources, maximize revenue collection and identify new revenue sources. To this

end, as consistently called for, Israel should enhance the transparency of clearance revenues, and regularize transfers to the PA of various items of clearance revenues. In this respect, it will be important for the PA and Israel to make progress on the establishment of an electronic value-added tax (VAT) mechanism for the PA on terms acceptable to both parties, and on the transfer of customs authority for Palestinian imports to the PA.

Other key agreements, such as the Power Purchase Agreement initialed in 2017 and the Red Sea–Dead Sea Agreement, have not been concluded.

II.1.D. Other Political Developments

On 30 April, the Palestinian National Council (PNC) convened in Ramallah for the first time in 22 years and re-elected President Abbas as Chairman. While reiterating the commitment to a peaceful solution based on long-standing parameters and UN resolutions, *inter alia*, the final PNC statement urged the suspension of the recognition of Israel, security coordination and the suspension of the Paris Protocol. It also outlined international moves to advance the goal of an independent Palestinian state and to seek protection for the Palestinian people. The Palestinian Central Council (PCC), a permanent body of the PNC, convened from 15 to 18 August *inter alia* to consider the April 2018 decisions of the PNC. In its final statement, the PCC underscored the continued severance of political relations with the U.S. administration, until the latter revisits its decisions regarding Jerusalem, Palestine refugees and settlements. With regard to Gaza, the PCC statement called for the immediate revocation of the measures imposed by the Palestinian Government in relation to the salaries of public service employees and condemned the Israeli Government’s decision to retain the value of allocations for the “families of the martyrs” from the tax revenues collected by the Israeli Government on behalf of the PA.

On 15 May, Palestine acceded to the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and the Convention on the Prohibition, Stockpiling and Use of Chemical Weapons. Further, in June Palestine acceded to another seven international agreements.

II.2. Protection Concerns

During the reporting period a total of 190 Palestinians, including 32 children, were killed and some 12,100 injured in the oPt.⁴ . The majority of deaths and injuries were in Gaza as a result of ISF shelling. In the West Bank, 10 Palestinians, including three children, were killed and some 1,100 were injured during clashes with the ISF. Seven Israelis (five ISF soldiers and two Israeli civilians) were killed by Palestinians during the same period⁵, and another 77 injured (compared to six and 45 respectively in the previous six months).

II.2.A. Settler related violence

The reporting period saw 131 incidents of settler-related violence resulting in Palestinian casualties or damage to Palestinian property. As in previous periods, the Nablus governorate accounted for the highest number of incidents, the majority in six Palestinian communities

surrounding the settlement of Yitzhar and its adjacent outposts. These communities (Burin, Madama, Asira al Qibliya, Urif, Einabous and Huwara), home to over 21,000 people, have been affected for years by settler intimidation and violence, which have undermined their safety and livelihoods. The overall increase in incidents is disturbing and the Israeli authorities are urged to investigate and prevent such attacks against Palestinian civilians.

II.2.B. Gaza Violence

The reporting period saw the most severe escalation in clashes between ISF and militant groups in Gaza since the 2014 hostilities. During numerous rounds of violence a major exchange of drone, missile, rocket and mortar fire took place, with over 600 projectiles fired by Hamas and other militants from Gaza towards Israel and over 400 missiles and shells fired by ISF. Among those incidents, on 14 July, the ISF conducted airstrikes targeting an empty building under construction belonging to the Ministry of Culture located in Al Katiba yard, south-west of Gaza city, killing two boys (both aged 14) and injuring 23 other Palestinians. Israel said the building was used as a Hamas military training site. On the same day, armed groups fired two mortar shells that hit two civilian buildings in Sderot and moderately injured two Israeli girls (aged 14 and 15) and an Israeli man. On 8 August, Israeli airstrikes killed a militant who, according to Hamas sources, had been responsible for launching rockets from the northern Gaza Strip as well as a 23-year-old pregnant woman and her 18-month old child.

Since the Gaza protests started on 30 March 2018, 130 Palestinians, including 22 boys and one girl, have been killed by ISF in the context of the demonstrations, the majority with live ammunition. Four Palestinian civilians including three children were killed in the context of ISF airstrikes in populated areas. An additional 49 Palestinians, including five boys and one girl, were killed by ISF in other contexts, including during several attempts or incidents of crossing the fence into Israel. Thousands of Palestinians, including hundreds of children, have been injured with live ammunition, with many suffering life-altering injuries such as amputation of limbs as a result.

The conduct of the ISF raises serious concerns over the use of force, as live ammunition was reportedly and repeatedly used without warning. In several cases monitored by OHCHR, lethal force appears to have been used in situations where there was no imminent threat of death or serious injury to the ISF.⁶ Furthermore, several cases of killings and injuries against medical personnel and journalists while they were carrying out their duties have been monitored by OHCHR, where there is no indication of the victims posing a threat to the soldiers.⁷ The Secretary-General issued a statement urging Israel to exercise extreme caution with the use of force in order to avoid casualties, on 5 April 2018. The UN Special Coordinator for the Middle East Peace Process reiterated that call, adding that Hamas and the leaders of the demonstrations must keep protestors away from the Gaza fence and prevent all violent actions and provocations. The UN High Commissioner for Human Rights issued a statement on 27 April 2018 calling on Israel to address ISF's excessive use of force in Gaza.

On 21 August, Israel's Military Advocate General announced that military police investigations would be opened into the death of two Palestinians killed during protests near the fence in recent months.

On 24 May 2018, the Israeli HCJ rejected the petitions submitted by two groups of NGOs challenging Israel's open fire regulations in the context of the current demonstrations in Gaza and demanding a ban on use of snipers and live ammunition to disperse protests in the Gaza Strip. The petition argued that related rules of engagement violate international and Israeli law. The Court refused to intervene in operational and professional aspects governing the State's application of the open fire regulations against certain demonstrators, noting the State's threat assessment, the presumption of lawful conduct by the State, and the fact that the Court was ill-equipped to determine whether the open fire regulations had been implemented properly. However, all three Justices were of the view that, given constraints in their ability to assess the open-fire policy in detail, its legality should be evaluated on a case-by-case basis, based on the broadly accepted principles of international law, referring this task to the military examinations and investigation mechanisms.

On 28 March 2018, the Israeli Military Advocate General concluded the investigation into the killing of the 29-year-old double amputee Ibrahim Abu Thurayah close to the Gaza fence on 15 December 2017. The investigation concluded that Abu Thurayah was not killed by Israeli fire and that there were no professional failures identified in the conduct of the Israeli forces.⁸ A statement issued by Zeid Ra'ad al-Hussein, the UN High Commissioner for Human Rights, on 19 December said Ibrahim Abu Thurayeh was shot in the head by ISF close to the Gaza border fence on and that there was nothing to suggest Abu Thurayeh posed an imminent threat when he was killed, and "the facts gathered so far by my staff in Gaza strongly suggest that the force used against [him] was excessive".

On 25 April 2018, the Jerusalem District Court sentenced Border Police Officer Ben Deri in the case of the killing of 17-year-old Nadeem Nuwara on 15 May 2014, to nine months of prison on the basis of a plea bargain on the charge of causing death by negligence. The sentence was appealed by the General Prosecutor. On 19 August 2018 the Israeli HCJ upheld the state appeal increasing the sentence from nine to 18 months.⁹

II.2.C. Arrests, detention and rule of law

After the spike in arrests and detentions noted in the previous report, the number of detained persons decreased from 5,890 detained at the end of February to 5,667 detained as of the end of June, according to the Israeli Prisons Service (IPS). The number of administrative detainees increased in the same period, from 427 to 446. The number of children detained likewise decreased from 356 to 273 in the same period, and the number of children under administrative detention remained at three. Palestinian administrative detainees in Israeli prisons launched a boycott of military (West Bank) and civilian (East Jerusalem) courts on 15 February 2018. The protest was followed in June by hunger strikes from individual detainees. On 31 August the Palestinian Prisoners' Society announced that the boycott would be suspended for three months

starting on 10 September to study if the courts will limit the length of administrative detentions as a result.

Ahed Tamimi, now 17 years old, was sentenced to eight months in prison on 21 March and a fine based on a plea bargain, agreed after the Military Appeals Court rejected her lawyer's appeal against the decision to hold a closed trial. On 6 June 2018, the parole committee rejected a request by Tamimi for early release. She was subsequently released on 29 July 2018.

The ISF continued to arrest and detain fishermen off the Gaza coast, with a notable increase of incidents in August, which witnessed the Israeli Navy arresting at least 11 fishermen and confiscating four fishing boats. All of the fishermen have been released, except one who has been detained since 12 August 2018. During detention, none of them was allowed to contact their families or access legal counsel.

In Gaza, security forces of Hamas continued to arrest and detain individuals for their alleged collaboration with Israel, the PA, or for their political affiliation with Salafist groups. These arrests generate concerns in terms of ill-treatment, due process and fair trial guarantees. Some of the persons were reportedly arrested without a legal arrest warrant, were beaten up and forced to hold stress positions during interrogation. Others spent significant periods of time in detention without access to family visits or legal counsel, or having their case reviewed by a court. In a few cases, detainees were released following mediation by senior Hamas officials, without being convicted of any criminal offence. Furthermore, during the reporting period, Gaza courts sentenced four men and one woman to death (on account of murder). Another earlier sentence relating to one man convicted of murder was confirmed on appeal. However, no executions have been carried out. The use of the death penalty in Gaza is of continued concern, particularly in light of concerns over whether the trials resulting in death sentences fully respect fair trial guarantees as enshrined in the International Covenant on Civil and Political Rights (ICCPR), to which Palestine is a State party.

The fate of two Israeli civilians, Avera Mengistu and Hisham al-Sayed, who crossed into Gaza over three years ago continues to be unknown. Hamas has also not 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.

In the oPt, the Decree-Law on the establishment of a High Criminal Court from 2017 was replaced by the PA on 3 May by Decree-Law No. 9 of 2018. The amended Decree-Law constitutes an improvement from the originally adopted Decree-Law but still contains articles that pose challenges in terms of fundamental fair trial guarantees as enshrined in the ICCPR, to which Palestine is a State party. In particular, the law contains a number of loose and broad concepts, e.g. in relation to the competencies of the Court, which open the Decree-Law up to misuse. It also sets out broad powers for the Public Prosecution, however without the possibility of judicial review in all cases.

II.2.D. Demolitions and Displacement (The West Bank)

During the reporting period the Israeli authorities demolished or seized 206 Palestinian-owned structures, compared to 150 structures in the same period of 2017. The vast majority of these structures were in Area C (59%) and East Jerusalem (38%). As a result, 211 people were displaced and more than 5,000 were otherwise affected. According to a dataset provided by the Israeli Civil Administration (ICA), in Area C alone there are over 13,000 pending demolition orders.

The restrictive and discriminatory planning regime applied by Israel in Area C makes it virtually impossible for Palestinians to obtain building permits in Area C and East Jerusalem, impeding the development of adequate housing, infrastructure and livelihoods. Public land (also called ‘state land’) has been automatically allocated to Israeli settlements or for military training, while most private Palestinian land is zoned as agricultural land, where construction is severely restricted. According to official Israeli information obtained by Peace Now, 99.76% of “state land” allocated for any use, was allocated for the needs of Israeli settlements.

Khan al Ahmar

On 24 May 2018, the Israeli HCJ issued a ruling on the longstanding case of the Palestinian Bedouin community of Khan al-Ahmar / Abu al-Helu, a community of 181 people, over half of which are children, which paved the way for the demolition of the entire community, including a donor-funded school also serving other Bedouin communities in the area, on grounds of lack of building permits. This is one of 18 communities located in or next to an area known as E1 slated in part for a strategic settlement plan which, if constructed, would create a continuous built-up area between the Ma’ale Adummim settlement and East Jerusalem. On 29 June, the Israeli authorities approved a plan providing for the construction of 92 new housing units in the Kfar Adumim settlement, situated about one kilometer from Khan al Ahmar, which has also petitioned the Israeli HCJ for the implementation of the outstanding demolition orders against the community.

Execution of the demolition of Khan al-Ahmar / Abu al-Helu was temporarily delayed following the filing of two new petitions to the Israeli HCJ, which were subsequently rejected on 5 September. A third petition filed by community lawyers on 10 August was rejected. In the meantime, the Israeli military requisitioned land to begin works on roads leading to the community, and temporarily declared the area a closed military zone, prohibiting non-residents from entering the community. Access for the provision of regular humanitarian relief services, including by the mobile health clinic and mental health teams, was delayed or prevented on several occasions.

New legislation

Recent legislation and administrative steps, if implemented, could make it more difficult and costly for individuals and human rights organizations to challenge the demolition or seizure of Palestinian properties. In April 2018, a military order was issued allowing for the demolition

of new unlicensed structures in Area C within 96 hours of the issuance of a removal notice; implementation of this bill is now frozen, pending a decision by the Israeli HCJ. On July 2018, the Knesset approved a law transferring the jurisdiction over certain petitions against decisions by Israeli authorities in the West Bank from the Israeli HCJ to the Administrative Affairs Court in Jerusalem.

Firing zones

During the reporting period nine military exercises took place in areas designated as “firing zones” in Area C, resulting in temporary displacement, property damage, and disruption to life to Palestinians. About 18% of the West Bank, or nearly 30% of Area C, is designated by the Israeli authorities as firing zones for military training. These areas are home to 6,200 Palestinians living in 38 Palestinian Bedouin and herding communities, who are amongst the most vulnerable.

East Jerusalem evictions

In East Jerusalem, Israeli settler organizations continued efforts to buy or claim ownership over properties within Palestinian neighbourhoods especially within and around the Old City. In July, two Palestinian families in the East Jerusalem neighbourhood of Beit Hanina self-demolished their homes, following an Israeli Supreme Court ruling that determined that the land on which the homes were built was never sold by its Israeli owners to the Palestinian families. Of the 180 Palestinian households identified in 2016 as having eviction cases filed against them: six households, comprising 50 people, have since been evicted from their homes.

II.2.E. Shrinking civic space: Measures affecting human rights defenders and journalists

Since the beginning of the year, ISF have prevented several political, cultural and social events in East Jerusalem for alleged connections to the PA or to Palestinian factions Israel defines as terrorist. The incidents include the closure of a media center for youth; preventing a social dinner for journalists, a collective Iftar meal during Ramadan, and a celebration of Russia’s National Day. On 14 July ISF raided an event held at the Hind Al Hussein College of Literature belonging to Al Quds University on the grounds that it was organized by the PA. The hindrance of the activities was accompanied by arrests, detentions and interrogations against participants and organizers.

The situation for human rights defenders in the H2 area of Hebron is of particular concern. ISF have threatened, conducted house raids, arrests and interrogations against the human rights defender Aref Jaber and his family, following his filming of the aftermath of the ISF killing a Palestinian in H2, Hebron. Another prominent human rights defender, Issa Amro, also based in H2 of Hebron, has been repeatedly prevented access to the Old City of Hebron, based on a renewable military order issued against him personally, and briefly detained at least twice by ISF. The case in Israeli military court against Issa Amro and Farid Al-Atrash, another well-known human rights defender, has seen two hearings on 28 May and 30 July 2018, with the

next hearing concerning Amro scheduled for 7 November 2018, while there is no new date concerning Farid Al-Atrash. Issa Amro furthermore faces charges based on the Cybercrimes decree-law by Palestinian authorities since 2017, and is currently released on bail in that case. These cases raise concern for possible arbitrary detention, but also illustrate the impact of legal cases against human rights defenders, effectively restricting their space, time and resources to promote human rights.

The Palestinian Decree-Law on Cybercrimes, which was previously reported on, was replaced by Decree-Law No. 10 on 3 May 2018 by the PA. While the new decree-law omits some of the most problematic provisions restricting freedom of expression, it has received continued criticism for violating the freedom of expression and opinion from civil society and journalists. Before the amendment of the law, several cases of summons and arrests against journalists based on the law had been reported to OHCHR in April 2018.

A particularly concerning development has been the violent repression of peaceful demonstrations in the West Bank by the Palestinian Security Forces. Following civil society mobilization to demonstrate against the PA's policies against Gaza, on 13 June 2018, the Palestinian President's advisors of Provincial Affairs issued a regulation prohibiting the granting of permits to organize demonstrations during the Eid al Fitr holiday. The regulation challenged a demonstration, which had already been organized to take place. During the demonstration, OHCHR witnessed arrests and beatings of protestors by large groups of plain clothed individuals all wearing identical caps and acting in a coordinated manner. According to further information provided to OHCHR, the groups were linked to Palestinian Security Forces and Fatah. Targeted threats and attacks were also reported against journalists, human rights organizations, and human rights defenders that covered, monitored or supported this and other demonstrations.

On 18 June 2018, a sit-in demonstration calling for the lifting of the PA measures on Gaza was held in Gaza City. The demonstration was reportedly forcibly dispersed by Hamas security forces, despite having been previously authorized by the de facto authorities in Gaza. Personnel in plain clothes, some of whom were carrying batons, reportedly raided the sit-in and forcibly prevented participants from filming or photographing the sit-in, harassed several participants (including verbal abuse) and threw stones and shoes at participants. No injuries or arrests were reported to OHCHR after the event.

II.2.F. Humanitarian response and funding

Humanitarian financing to the oPt has been on the decline since 2014 even though the number of people in need and targeted for humanitarian assistance in oPt remains fairly constant, and has even increased over the past year. Funding for humanitarian activities is at an all-time low this year. At end-August, the 2018 Humanitarian Response Plan (HRP) requirements were only 29% funded, with \$156.8 million of the requested \$539.7 million secured. This is the lowest proportion for this time of the year over the past eight years. It is also lower than the global average of 36% this year. The impact of underfunding is being felt across the board for all

humanitarian clusters. Some examples of the impact in Gaza and the West Bank and provided in Annex 1.

To date, donors' generous contributions to the UN Country Based Humanitarian Pooled Fund in the oPt have increased the total budget for this year to \$19.9 million, of which \$12.4 million have already been allocated and disbursed to humanitarian partners. Despite these contributions, much more is needed to enable an effective humanitarian operation.

Funding to UNRWA

UNRWA, the single largest humanitarian actor in the oPt, has been confronted with immense financial challenges since the beginning of the year. UNRWA started the year with a projected \$146 million shortfall in its programme budget for its five fields of operations, and a projected \$97m shortfall for critical humanitarian activities in the oPt and Syria. In January 2018, the US, until then its largest donor, decided to withhold over \$300 million of the expected \$360 million contribution for the year, resulting in unprecedented financial challenges for the Agency. In response, UNRWA, launched a massive fundraising drive.

By mid-September, over \$269 million has been raised which - taking into account UNRWA's appeal for an additional \$10 million to address the health crisis resulting from the mass protests along the perimeter fence separating Gaza and Israel, reduced the overall deficit to \$186 million.

Despite these efforts and implementation of stringent austerity measures, UNRWA has had to take measures of reduction in emergency services in the West Bank and Gaza. In the West Bank, UNRWA had to discontinue its cash-for-work activities in the West Bank effective 31 July 2018. Other support programs are slated to end in 2018 and some will need to be consolidated into existing programs. (See Section III.1.B for impact on UNRWA's operations in Gaza). In mid-August, UNRWA announced that it has secured enough funding to reopen schools in end-August in all five fields of operations though still not enough to keep schools running through the end of the year.

III. Gaza

In March, AHLC members noted the dire conditions in Gaza, pronouncing it on the brink of collapse. UNSCO's report of March 2018 called for Israel to ease its closure regime on the movement of people and goods, and for Hamas and other militant groups to cease their military buildup and attacks on Israel, and all acts which undermine the PA as Gaza's legitimate governing authority. It also called for the Palestinian Government to immediately assume its responsibilities for the people of Gaza, and resume control over government institutions. Instead we have seen an escalation in hostilities between Israel and Hamas, increased temporary Israeli restrictions on movement and access of people and goods, and a continuation of the restrictive measures by the PA, including those that contributed to an electricity crisis and further cuts or partial payments of salaries of civil servants.

As a consequence, the situation on the ground in Gaza has rapidly deteriorated. Poverty and unemployment have increased, and essential services are stretched to the breaking point. Most households receive electricity for 3-4 hours per day, access to clean water has not improved and the health system has come under significant and increased strain. The situation is compounded by UNRWA's unprecedented funding crisis. In Gaza, UNRWA provides access to primary health care for 1.3 million people, access to education for more than a quarter of a million children and food assistance to nearly one million refugees living in poverty. These UNRWA services have played a key role in preventing a full collapse of the humanitarian situation in Gaza but are now at real risk of drawdown.

A package of urgent interventions is required to ensure the basic functionality of the Gaza Strip. These include several urgent humanitarian and economic measures that will first and foremost improve the electricity situation, support water and sewage treatment and bolster the health networks alongside a concerted effort to inject badly needed cash into the economy through employment generation and other schemes. If we are unable to move forward on this basic package of interventions, the ability of the UN and the international community to engage in supporting Egyptian efforts to return the Palestinian Government to Gaza as well as de-escalate tensions and push for the removal of the Israeli closures, will be severely limited. (See Annex 2)

III.1. Operational Environment

UN agencies and partner organizations continue to operate in Gaza, and are ready to scale up interventions, both in terms of humanitarian assistance, and by quickly moving to implement projects outlined in Annex 2 that will bring some relief and stability to the Strip. However, in addition to political challenges, our efforts are circumscribed by access challenges as well as significant funding shortfalls.

III.1.A. Access and Movement Update

During the reporting period humanitarian and development personnel continued to face difficulties entering and exiting Gaza. Between March and August, about 40% of permits requested for UN personnel to travel on duty to the West Bank or abroad were either denied by the Israeli authorities, or left pending by the date of travel, effectively preventing implementation of the missions as planned. In addition, between 1 January and August 2018, 73 UN personnel received permit denials and one-year bans on reapplying for exit permits from Gaza, compared with 41 UN personnel during all of 2017. Similar restrictions apply to personnel of INGOs, which currently have 71 Gaza-based national staff members with one-year bans on even applying for exit permits from Gaza. Even for those with permits to exit, crossing is complicated by restrictive regulations on items permitted through the pedestrian crossing at Erez, including a ban on reinforced luggage, toiletries and laptop computers.

In April, the Israeli authorities also introduced additional security measures at the Erez vehicular crossing, including internal inspections of UN vehicles by sniffer dogs, x-ray inspection of UN property and all personal luggage, and use of body-scanners for some UN personnel. The UN continues to engage with relevant Israeli authorities to seek further

clarifications, and to insist on full compliance with the Privileges and Immunities accorded to the UN, its property, and personnel.

Additionally, in March, Hamas established a registration post south of the former Arba-Arba (4/4) crossing (past Erez on the Gaza side) at the entrance to Gaza and soon after, began to implement verification and registration procedures similar to those applied previously at 4/4. This development indicates a return to the pre-November 2017 status quo and, a deterioration in the access regulations faced by humanitarian workers entering and exiting Gaza from Israel.

On 10 July 2018, the Israeli Authorities imposed a series of additional restrictions on the movement of goods through the Kerem Shalom Crossing. According to Israel, the restrictions were in response to incendiary kites and balloons that were sent over the fence, causing damage to private land and nature reserves in Israel. The policy banned the import of all goods except food, medicine and medical supplies, fuel, livestock, and animal feed. The export of goods from Gaza destined for the West Bank, Israel or abroad was banned completely.

On 17 July, Israel further prohibited the import of fuel (including a pre-scheduled shipment of 38,000 liters of diesel for UNRWA for UN programmes and operations as well as donor-funded emergency fuel) to Gaza. While small shipments of fuel permitted in the following weeks, the restrictions were subsequently lifted on 15 August 2018. On 19 August 2018, Israel banned the exit of all Palestinians from Gaza through Erez for an unspecified period. Exceptions were made for humanitarian cases. Additionally, West Bank ID holders needed special coordination to enter Gaza. This measure was reportedly in response to the protests taking place inside Gaza near the fence. Erez crossing returned to previous procedures on 27 August.

In positive news, Egyptian authorities opened Rafah Crossing for Ramadan, and subsequently prolonged the opening until the end of the Eid al Fitr holiday (15-17 June), further extending it indefinitely. Since July, the crossing has been closed on Fridays and Saturdays, but otherwise remains open daily. This has been the most extended opening of the crossing since 2014. During the reporting period, the crossing was open for 107 days, compared to 36 days in all of 2017. Between March and August, a total of 18,891 persons entered Gaza and 34,955 persons exited Gaza through Rafah.

III.1.B. Humanitarian Funding

In Gaza, the lack of funding threatens the continuation of a number of programmes, including food distribution, which may have to be suspended, impacting 245,000 extremely poor and severely food insecure people; health services which urgently need funding for medicines and other medical supplies; as well as water and sanitation, which currently have very limited operational capacity.

The critical underfunding of UNRWA's oPt emergency appeal (Section II.2.F) has rendered the humanitarian situation in the oPt even more precarious, especially in Gaza. UNRWA in Gaza will consequently need to prioritize some emergency interventions over others in the second half of 2018. As a result, and in order to maintain critical food security support to almost one million vulnerable refugees, the community mental health programme, the job creation programme and protection functions had to be scaled down significantly. Similarly, quarterly

transitional shelter cash assistance payments to some 1,600 families whose homes were totally destroyed in the 2014 hostilities and which to date remain uninhabitable will be discontinued in Q3/2018.

As part of this transition, it is foreseen that 60% of the approximately 1,000 staff hired against emergency appeal funding will move to part-time employment and some 10% of staff will lose their employment. Efforts continue to explore options to mitigate the impact of the transition process on affected staff to the greatest extent possible.

III.2. Situation on the Ground

III.2.A. Humanitarian situation: Electricity, Water and Health

The severe electricity shortages in Gaza cause an average of 19-20 hours of blackout daily. The supply of electricity from Egypt, previously suspended due to technical malfunctioning, was not restored, and the Gaza Power Plant (GPP) was entirely shut down for 67 days (March-July), due to the lack of funds to renew its fuel reserves. It is currently producing a maximum of 20 MW of electricity daily, while 120 MW purchased from Israel continues to be the main source of Gaza's electricity.

The impact of the electricity deficit is particularly severe on Gaza's health sector, water and sanitation facilities, which are all under tremendous pressure as outlined in previous AHLC reports. To avert a collapse of these essential services, the UN distributes an average of 950,000 liters of emergency fuel every month for back-up generators at around 250 critical hospitals and health clinics; water and sewage treatment sites; and solid waste collection services.

In early September, however, the UN ran out of funds for emergency fuel and urgently needs \$3.5 million to enable the provision of a minimum level of essential services to be provided through the end of 2018. Reduction of services will put at risk some 4,800 patients in Gaza's hospitals, who depend on electrical devices in intensive care units, dialysis units, neonatal units, and trauma departments. Access to medical services for over 1.6 million more will also be disrupted. The possible halt to emergency fuel distributions also places 1.2 million Palestinians at immediate risk of sewage overflow around the 41 main sewage pumping stations. Overflowing of sanitation facilities will put the urban population of Gaza at increased risk of waterborne diseases.¹⁰

In addition to the significant pressure due to the electricity shortages – as well as severe shortages of essential medical supplies – Gaza's health infrastructure has been overwhelmed by the casualties associated with the "Great March of Return" protests at the fence and subsequent Israeli responses. To cope with the huge influx of trauma patients, access to healthcare for non-trauma patients is being compromised, with non-surgical wards converted to surgical wards. Government hospitals have needed to suspend all outpatient clinics during the demonstrations and cancel all elective surgery procedures, to deal with the massive influx of wounded.

As of 27 August, 270 patients injured in the demonstrations had applied to exit Gaza through Erez crossing for health care outside the Gaza Strip. Only 23% of these applications have been approved, compared to an overall approval rate of 59% in the first half of the year; while 37%

were denied (compared to an overall denial rate of 9% in the first six months of 2018); and 40% still pending¹¹.

The impact will continue to place an additional burden on the fragile health system for months to come, as follow up surgeries and rehabilitation will be required. It is estimated that over 1,700 of those injured in course of the fence protests may suffer from a long-term disability. Some \$20 million is needed to meet emergency healthcare needs in Gaza.

III.2.B. Economic situation

More than a decade of restrictive closures and Hamas control have stifled Gaza's economy and curtailed any prospects for growth. Moreover, many businesses continue to reel from the impact of three rounds of hostilities, with only a small fraction of the funds pledged for Gaza's recovery from the 2014 escalation, having been disbursed for the productive sectors.

The continued salary cuts for PA civil servants left households with severely reduced purchasing power and the economy short on liquidity. Defaults on bank loans and the number of bounced cheques, both traditionally low in Gaza, increased significantly.¹² Consequently, commercial banks stopped increasing formal credit leaving businesses with little recourse.

Gaza's per capita GDP which had been falling through 2017 further declined by 9% in the first quarter of 2018. In Q2/2018 Gaza's unemployment rate exceeded 53% (78% for women). Poverty increased from 39% in 2011 to 53% in 2017.

The tightened access restrictions imposed during the reporting period have had a significant impact on Gaza's already embattled economy. The number of trucks entering Gaza through Kerem Shalom crossing declined from a daily average of 427 in the first half of the year, to 166 during the period of restrictions. As soon as the restrictions were lifted, this figure increased, reaching a daily average of 695 trucks in the second half of August.

During the restrictions at Kerem Shalom crossing, there was a noticeable increase in the number of trucks entering Gaza through the Hamas-controlled Salah Ad-Din gate to Egypt. The gate has been open on an irregular basis, beginning in February this year. During the period of restrictions at Kerem Shalom crossing, the gate was open more frequently (17 days, compared to a monthly average of 8 days from February through June), and brought in larger quantities of goods (an average of 52 truckloads per opening day, compared to 37 on average prior to the restrictions).

The restrictions at Kerem Shalom crossing impacted both donor-funded projects as well as the private sector. Gaza's already frail productive sectors were particularly hard-hit. The lack of raw material caused production to slow down and people to be laid off, while the producers incurred growing demurrage costs as their shipments sat in the Ashdod port unable to be delivered. In the construction sector, the temporary halt to import of construction material, including through the GRM, meant that that over 4,000 workers had to be temporarily laid off, according to the Palestinian Federation of Industries in Gaza. Similarly, the food processing industry which caters primarily to Gaza's internal market slowed down significantly due to a lack of packaging material and key chemicals, resulting in significant job losses in the manufacturing sector.

Recovering from the impact of these restrictions will take time, and even then, Gaza's private sector will continue to be stifled by continued Israeli closures, lack of purchasing power and the unpredictable business environment.

For Gaza's private sector to generate growth and create employment, it is important to lower the risks arising from the uncertain operating environment. Israel can support this by ensuring a degree of regularity and predictability in movement of goods and people into and out of Gaza, and extending the fishing zone to at least 12 nautical miles throughout the year. The PA is urged to regularize payment of salaries to civil servants in Gaza as part of a broader plan of civil service reform, and to continue to support social protection and service provision in Gaza.

III.3. UN Strategy and Enhanced Capacity

The worsened situation on the ground in Gaza calls for an urgent humanitarian response that is tethered to the Strip's long-term needs. Despite the known technical solutions for addressing Gaza's electricity, water and health crises, the base line on which these much discussed short, medium and long-term projects were planned is eroding fast.

The UN has been working with Egypt, Israel and the PA to de-escalate and calm the situation, to address the humanitarian needs and to support the Egyptian-led intra-Palestinian reconciliation process. A key component of de-escalation and addressing humanitarian needs is advancing urgent infrastructure projects to improve water, electricity and health systems, while generating income and employment in a manner that would have quick impact on the ground within a 6-12-month time-frame. Improving access and movement of both people and goods through Israel and Egypt will be a key element of this.

To this end, the UN has enhanced its presence on the ground to facilitate smooth implementation of projects, in coordination with the PA and international stakeholders. Specifically, UNOPS in collaboration with UNSCO has established a Project Management Unit (PMU). The PMU will constitute an administrative coordination body that will work with all relevant stakeholders to collect information about current and potential projects; identify opportunities for interventions achievable within short timeframes; address blockages and delays to facilitate the smooth implementation of urgent projects; assist project implementers with all issues related to the GRM; and provide detailed reporting on implementation progress.

III.3.A. Short term improvements for Energy, Water, Health

A number of such interventions have already been identified, among the projects that have previously been agreed on by the AHLC, and in some cases funding has already been received. Most of these are outlined in PENRA's 2018 Short and Medium-Term Development Plan for Gaza's Power Sector, which can lead to improvements of the electricity situation in Gaza within a relatively short time frame. These include grid repair as well renewable energy projects and the re-construction of a fuel storage tank at the GPP.

In the health sector, equipping public health care facilities, hospitals and clinics, with renewable energy will not only provide a reliable source of electricity to the clinics, reducing dependence on emergency fuel, but also free up grid electricity which is in short supply. WHO is working on an assessment to prioritize "solar for health" projects, which could provide some immediate relief to the hard-pressed health sector in Gaza.

Similarly, progress can be made in the short term in the water sector, by moving towards immediate implementation of elements of the associated works that are part of the planned Gaza Central Desalination Project. Immediate implementation of the Montar mixing reservoir project will enable increased supply of useable water in Gaza within a relatively short time frame, effectively bridging some of the gap until the completion of the desalination plant.

Common for these projects are that they are already agreed, developed and costed. While they do not provide comprehensive solutions to Gaza's needs, they are implementable within a 6-12-month time frame, and will have critical impact on the ground to alleviate the humanitarian disaster that is unfolding. A disaster that cannot wait for more political agreements or technical studies to be undertaken, but that require that we move immediately to implementation, to bring more electricity, more water and better health care to Gaza.

III.3.B Support for economic revitalization

With over half a million individuals active in the job market and close to 283,000 individuals unemployed in Q2/2018, an additional 53,000 jobs will be needed to lower the unemployment rate by 10 percentage points. This will require some \$16 million per month.¹³ To provide a measure of support to Gaza's economy, the UN, the World Bank and the donor community have initiated a coordinated approach to increase incomes and employment in the 6-12-month time frame. The World Bank has approved a \$17 million package to support E-Work and service delivery through a cash-for-work scheme; as well as an additional \$10 million to support cash-for-work in labour-intensive construction and other projects prioritized by municipalities through the Municipal Development Programme. UNDP has mobilized some \$3.7 million for emergency economic programming to support cash-for-work initiatives, the fishing sector, technical and vocational training and mentoring of youth, as well as enhancing resilience of impoverished households. At the same time, UNRWA will continue its cash-for-work programme in Gaza, albeit at a reduced scale, even as the programme had to be shut down in the West Bank due to lack of funding.

The cash-for-work initiative aims to assist those with the most critical needs. UNDP and the World Bank have specifically targeted women and youth, in addition to the most vulnerable households. For instance, several projects ensure that 40%-50% of the skilled labour recruited are women. Both UNDP and the World Bank are also targeting those that have been unemployed for the previous six months to a year.

Several of the ongoing projects are scalable. Further, several projects support skill-building, and entrepreneurship so that the beneficiaries can continue to leverage their skills for income generation after the project ends. Donors are urged to support the projects among these that meet their priorities and goals.

While the joint initiative is expected to bring some relief, the scale of interventions is small relative to the massive number of unemployed individuals in Gaza, and they cannot be a substitute for the provision of regular and full salary by the PA to civil servants, nor for continuation of UNRWA's operations in Gaza.

III.4. Gaza Reconstruction and the GRM Review

Four years ago, the impact of the 2014 escalation on hostilities prompted the establishment of the GRM, as an agreement between Israel, Palestine and the UN to facilitate the entry of construction material into Gaza, primarily with the view to advance reconstruction and recovery of the damages incurred during the conflict. Since then, the GRM has facilitated the entry into Gaza of more than 3 million tons of construction materials, almost 600 large-scale projects have been completed and nearly 140,000 beneficiaries have been able to access material to repair, reconstruct or build new houses.

However, the reconstruction of damages from 2014 is not yet complete. Significantly, while nearly 80% of the 17,800 houses, which were so badly damaged that people could no-longer live in them, have now been rebuilt, there is still a funding gap of about \$100 million for the reconstruction of just over 2,500 totally destroyed houses. As a result, 16,500 people remain internally displaced, now for more than four years. An additional \$78 million is still needed to complete repairs of partial damages to almost 56,000 houses, which have continued to be inhabited despite the damage incurred in 2014. Donors are strongly encouraged to deliver on their remaining pledges from the 2014 Cairo conference, of which nearly half remain outstanding.

While lack of funding is currently the main obstacle to completing the reconstruction, the parties to the GRM also agreed in February this year to conduct a joint review of the mechanism with a view to improving its functionality, transparency and predictability. The review is now nearing completion and will be implemented in the coming months. Significantly the parties have agreed to a number of technical improvements, which can be implemented immediately. These improvements are aimed at streamlining and simplifying applications as well as approvals through the mechanism, increasing transparency, including through the establishment of a dispute mechanism and to increase predictability of timelines for approval. In addition, the parties are finalizing discussions on a number of more substantive changes, which will be gradually rolled out over the coming months, and which aim to adapt the mechanism to the current challenges in Gaza – beyond reconstruction – including maintenance and operations of public services and support for import of export by the productive sectors in Gaza. Until the Israeli closures are removed and Gaza returns under the control of the legitimate Palestinian Government, it is critical that the parties continue to work together to mitigate the impact on the civilian population in Gaza, and the commitment of the parties to do so through a revised and improved GRM should be supported.

IV. Conclusion

As outlined in this report, the context under which the Palestinian Government is implementing its National Policy Agenda, continues to be fraught with enormous obstacles. The most significant remains the complete absence of a political process aimed at ending the Israeli occupation and resolving the Israeli-Palestinian conflict and establishing a viable, independent Palestinian State that will achieve the inalienable rights of the Palestinian people, in line with relevant UN resolutions, prior agreements and international law. The two-state formula, one that achieves the national goals and aspirations of both Israelis and Palestinians, continues to

enjoy overwhelming support from the UN Secretary-General and the Member State bodies. Yet despite the international consensus, we are no closer to achieving these goals.

The recommendations to advance the two-state solution outlined in the 2016 Quartet report, remain valid. Absent a series of transformative and proactive steps by the parties to alter the reality on the ground, it is unrealistic to expect an end to the conflict. While the recommendations have largely gone unheeded, it remains clear that only a negotiated two-state outcome can achieve an enduring peace that meets Israeli security needs and Palestinian aspirations for statehood and sovereignty.

The state building enterprise remains a cornerstone of this process and it is imperative that neither international donors, nor the parties themselves, turn away from this critical endeavor. In this regard, the finalization of agreements between Israel and the PA including the Red Sea-Dead Sea Agreement and the Power Purchasing Agreement are vital. However, the amount of progress they can achieve is also dependent on commensurate political measures including an end to settlement construction and efforts to increase Palestinian control over more of the West Bank and to expand its economy in a meaningful way. This means concrete steps to reduce the territorial fragmentation, and increase access to Area C at a minimum.

The AHLC can and should continue to foster these efforts to improve Palestine's development trajectory as a priority. Nevertheless, the urgency of the situation in Gaza also demands the committee's attention. The past month has seen a tremendous effort on the part of the UN, Egypt and others to prevent renewed conflict in Gaza. On four separate occasions, Israel and Hamas were on the brink of all out conflict. While the efforts of Egypt and the UN to de-escalate the situation have been successful to date, the situation remains tense. Stepping back from the brink means an end to military build-up and provocative actions on the part of Hamas and other militant groups. It means a serious and sustained relaxation of Israel's closure regime. It means concrete steps on the part of the PA to reverse measures that negatively impact the population and to begin taking responsibilities in Gaza. It means constructive engagement by Fatah, Hamas and the other Palestinian factions in the Egypt-led reconciliation process. Failure on any of these counts will only entrench the physical and political separation of Gaza and the West Bank and will have far reaching consequences on the Palestinian body politic.

International partners must understand that the stakes are higher than ever and also work together to overcome the funding shortfalls. Increased allocations on the part of the World Bank and UNDP's reprioritization of funding for employment generation in Gaza are examples to be followed.

Previously we have advocated for a multi-tracked approach for short, medium and longer-term interventions to run in parallel. However, with Gaza's humanitarian needs increasing, it is critical that urgent steps be taken to underpin any simultaneous or future efforts to bolster the Strip's crumbling infrastructure. The most critical being increased electricity provision, emergency health care and water and sewage treatment. Annex 2 provides information on the most critical humanitarian needs as well as other interventions needed to stave off a humanitarian disaster and complete collapse of the economy.

Donor support to the PA has been declining with funding cuts to both development and humanitarian operations accelerating sharply this year, primarily due to the US decision. The magnitude of the cuts rules out business as usual. Given the fiscal constraints of the PA, these cuts will severely impact the lives of the most vulnerable Palestinians. Despite these challenges, we must use what means we have at our disposal, including forums like the AHLC to advance these urgent efforts.

V. Annex 1

Impact of Low Humanitarian Funding in the oPt in 2018

Cluster	Gaza	West Bank
Protection	Significant gaps in essential mental health and psychosocial services. Child protection services, notably those provided by family centres, have been scaled down and, in some cases, terminated.	Limited partners with the capacities and resources ready to respond to acute crises that arise in the context of a coercive environment, including increased settler violence and demolitions.
Health	Chronic underlying factors severely restrict the capacity of the health sector and effectively cripple its response: lack of sufficient funding for medical supplies (essential drugs and disposables) and chronic lack of sustainable energy (e.g. solar panels) for health facilities.	The closure of mobile health clinics leaves over 40,000 people living in Area C, H2 and the Seam Zone facing severe limitations in access to basic healthcare. No funding has been secured for any East Jerusalem HRP projects, leaving 36,000 people, particularly those living in Kafr Aqab and Shu'fat refugee camp, vulnerable.
Food Security	Without additional funding, a food security partner will be forced to suspend food assistance as early as September 2018. This will impact the food security of 245,000 extremely poor and severely food-insecure people.	Due to lack of funding, a food security partner's Cash for Work activities will be discontinued from 31 July 2018. Another food security partner's cash-based transfers for 78,000 people in is also at risk if no funding is forthcoming.
Water, Sanitation and Hygiene (WASH)	Limited operational and maintenance capacity of WASH service providers in Gaza, resulting in high vulnerability in access to and storage of the water supply.	Funding gaps have reduced the ability of cluster partners to reach beneficiaries with summarization responses e.g. water trucking for vulnerable communities during the dry season.
Education	Gaps in funding for critical interventions and cluster priorities have affected the provision of quality education, including for school supplies, psychosocial (PSS) and emergency preparedness activities.	Lack of funding has impeded access by children to quality education in Area C and East Jerusalem. Infrastructure, supply support and the scale-up of PSS activities are required in the context of increased demolitions or threat of demolition.
Shelter	Due to lack of funding, only 30 per cent of targeted substandard shelters will be upgraded. Partners are also challenged to provide temporary cash assistance in a regular and timely manner for 45 per cent of IDP families, with 55 per cent of the IDP families receiving it for three months only.	Due to lack of funds in the first half of 2018, no single residential shelter has been upgraded or rehabilitated to the minimum standards for those most in need in Area C. Thus, around 6,000 acutely vulnerable people are still living in sub-standard housing conditions.

VI. Annex 2

Urgent Humanitarian and Economic Interventions for Gaza

1. ALLEVIATION OF THE ENERGY CRISIS

EMERGENCY FUEL

- 200-250 critical facilities are reliant on emergency fuel with a total cost of US\$8 million per year.
- Without the emergency fuel, 55 sewerage pools in Gaza would overflow, and the 28 most critical hospitals would face life threatening interruptions.

US\$3.5 million is needed to ensure uninterrupted provision of emergency fuel until 31 December 2018.

INCREASED ENERGY SUPPLY TO GAZA

- Gaza needs 500MW/day of electricity. Gaza currently receives 120-140MW/4 hours electricity/day.
- The GPP is operating one turbine. Operating 3 turbines would increase electricity by 3-4 hours/day.
- It is estimated that the Gaza electrical grid experiences up to 20% in technical losses.
- Egyptian lines have been inoperable since February 2018, reducing electricity by a possible 24MW.

US\$10 million/month per month to increase GPP operations and electricity supply to 8 hours/day.

US\$5 million is needed for initial repairs to the grid and to rehabilitate the GPP storage tank.

US\$12 million is needed to rehabilitate the Egyptian lines.

2. EMERGENCY HEALTH CARE

RESPONSE TO THE COLLAPSING HEALTH CARE SYSTEM

- Since 30 March 2018, 18,739 Palestinian injuries, of which 9,772 required hospitalization.
- ±1,200 injured people will need limb reconstruction, and ±7,500 elective surgeries have been postponed due to the influx of trauma casualties and the lack of beds.
- In July 2018, 250 essential medicines out of the total 516 essential medicines list (48%) were at less than one month's supply and 206 essential medicines (40%) were completely depleted in Gaza.

US\$20 million is needed to meet lifesaving trauma management and emergency healthcare needs until 31 December 2018. Additional resources will be needed to ensure surgeries and rehabilitation support continue in 2019 for complex cases.

3. WATER AND SANITATION

INCREASED ACCESS TO CLEAN WATER

- Water availability is dropping below 50 liters per capita per day, less than half of the minimum requirement recommended by WHO.
- Water and wastewater services are dropping to less than 20 per cent of capacity, mostly due to limited energy supply (grid electricity and/or emergency fuel),
- 95% of Gaza's water is not potable.
- 109 million liters of untreated wastewater is released into the sea every day.
- Some 300,000 people will be affected by serious public health concerns as sewage could potentially overflow onto streets.

US\$14 million is needed to fund critical projects in support of urgently recharging the aquifer, increasing waste water treatment, improving water distribution and providing energy to existing desalination and waste water management facilities.

4. IMPROVED ACCESS AND ECONOMIC CONDITIONS

- Poverty rates were 38.8% in 2011 and 53% in 2017. Unemployment in Gaza is 53.7% and 80% of Gaza's population depends on humanitarian assistance, such as food aid, to meet their basic daily needs.

\$16 million per month needed for creating 53,000 skilled and unskilled jobs which would lower the unemployment rate by 10 percentage points.

IMMEDIATE MEASURES TO IMPROVE MOVEMENT OF PEOPLE AND GOODS AND ECONOMIC CONDITIONS

- Restoration of full payment of public sector salaries.
- Fully operational Kerem Shalom and Rafah Crossings.
- Expanded Fishing Zone.
- Relaxation of dual use list.
- Increased agricultural exports.
- Increased patient medical referrals from Gaza
- Funding for UNRWA core services, to ensure service delivery and to continue salaries for 13,000 staff.
- Expanded cash for work programmes, including as a modality for humanitarian assistance or for support to local business recovery.

Endnotes

¹ World Bank Report to the Ad Hoc Liaison Committee, September 2018, page 22.

² <https://www.icc-cpi.int/Pages/item.aspx?name=180522-otp-stat>

³ IMF September 2018 AHLC Report, page: 16.

⁴ An additional 10,200 (2,300 in the West Bank and 7,900 in Gaza) were injured due to inhalation of tear gas.

⁵ The Palestinian identity of the perpetrators is alleged in Palestinian and Israeli media, but has not been confirmed by OHCHR.

⁶ For example, on 29 June, an 11-year old was hit in the head with live ammunition about 150 meters from the fence, while watching demonstrators approximately 200 meters away from him (to the north-west, 50-100 meters from the fence). Demonstrators chanted slogans and carried Palestinian flags. Among the thousands of demonstrators, a small number burned tires, threw stones, flew kites with burning materials and cut barbed wire from the fence, while ISF were positioned on earth-mounds in well-protected defensive positions.

⁷ Between 30 March and 27 August, three health workers have been killed and 404 injured in 224 recorded incidents against health staff and facilities (WHO Situation Report oPt, Gaza 14-27 August 2018). OHCHR monitored several of those cases to establish the analyzed pattern. According to Al Mezan (civil society organization monitoring human rights violations), between 30 March and 31 August 2018, two journalists have been killed and 85 injured during the protests in Gaza. OHCHR monitored both cases of killings to establish the analyzed patterns.

⁸ <https://www.timesofisrael.com/idf-soldiers-didnt-intentionally-kill-double-amputee-in-gaza-riot/>

⁹ In previous reports, the case against Sergeant Elor Azaria for the manslaughter of Abdelfattah al-Sharif in February 2016 was raised. His initial sentence in January 2017 of 18 months imprisonment was subsequently reduced to 14 months by the IDF Chief of Staff in September 2017, and he was released on 8 May 2018 after having served two thirds of the reduced sentence.

¹⁰ <https://www.ochaopt.org/content/us-45-million-needed-urgently-prevent-life-saving-services-gaza-strip-shutting-down>

¹¹ WHO Situation Report, occupied Palestinian territory, Gaza, 14-27 August 2018; http://www.emro.who.int/images/stories/palestine/documents/WHO-Health-Cluster-Special-SitRep-14-27_Aug_Final.pdf?ua=1

¹² In the first half of 2018, 16% of cheques presented accounting for 11% of the total value of cheques in Gaza bounced, compared with 12% and 8% in the first half of 2017.

¹³ \$16 million per month will cover wage costs of some 53,000 skilled and unskilled jobs at an average wage rate of \$300 per person per month.