



State of Israel

# **Supporting Palestinian Capacity Building: Israel's Efforts in Supporting the Palestinian Economy, Civil Affairs and Security Reforms**

Report of the Government of Israel to the  
Ad Hoc Liaison Committee

New York, September 22, 2009



## Acronyms

AHLC	Ad-Hoc Liaison Committee
BOI	Bank of Israel
CMWU	Coastal Municipalities Water Utility
COGAT	Coordinator of Government Activities in the Palestinian Territories
CPI	Consumer Price Index
DCO	Joint District Coordination Offices
EIB	European Investment Bank
EU	European Union
GDP	Gross Domestic Product
GOI	Government of Israel
ICD	Israel Customs Department
ICRC	International Committee of the Red Cross
IEC	Israel Electric Company
IMOF	Israel Ministry of Finance
IMOFA	Israel Ministry of Foreign Affairs
IMOJ	Israel Ministry of Justice
IPCC	Israeli Palestinian Chamber of Commerce
IPF	Israel Police Force
ITA	Israel Tax Authority
JEC	Joint Economic Committee
JLC	Joint Liaison Committee
MASHAV	National Agency for International Development Cooperation
MOITAL	Israel Ministry of Industry Trade and Labor
MOU	Memorandum of Understanding
NIS	New Israeli Shekels
NGO	Non-Governmental Organization
NSF	National Security Forces
PA	Palestinian National Authority
PACE	Palestinian Authority Customs and Excise
PAMOF	Palestinian Authority's Ministry of Finance
PAMOFA	Palestinian Authority Ministry of Foreign Affairs
PAMOJ	Palestinian Authority Ministry of Justice
PIBF	Palestinian Israeli Business Forum
PMA	Palestine Monetary Authority
PSF	Palestinian Security Forces
PSO	Palestinian Security Officers
PTP	People to People
PWA	Palestinian Water Authority
UNISPAL	United Nations Information System on the Question of Palestine
UNRWA	United Nations Relief and Works Agency
USAID	United States Agency for International Development
USD	US Dollars
WCO	World Customs Organization
WFP	World Food Programme
WHO	World Health Organization

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# Introduction

Developing and strengthening the Palestinian economy and Palestinian capacity building are challenges shared by the Palestinian Authority, the international community and Israel.

Israel recognizes the importance of international support to projects in the West Bank in the areas of economic development, capacity building and the security and civil sectors. The international community plays an instrumental role in shaping, through its assistance, the manner in which capacity building projects are designed and implemented de facto and how Palestinian institutions are formed. Israel supports efforts by the international community to promote Palestinian development.

This Report presents a series of steps and actions undertaken by Israel during 2008 and the first half of 2009, which were intended to promote and substantially improve the West Bank economy, alongside building security and other capacities. These measures have been taken in parallel with a broader diplomatic and economic effort led by the international community, and notwithstanding the security risks posed by continued Palestinian terrorist activity.

The Report also briefly addresses the situation in Gaza and Israel's actions to support efforts by the international community to meet humanitarian needs. Israel acted to support these efforts despite the fact that Gaza is a hostile territory controlled by Hamas, a terrorist organization supported by Iran, which continues to constitute a security threat to Israeli citizens. As of the publication of this Report, Hamas still holds Israeli soldier Gilad Shalit in captivity.

The Report provides an overview of Israeli measures to help develop Palestinian capacity in four main fields: **economy, access and movement, the civil sector, and security.**

- » Chapter One provides an overview of economic conditions in the West Bank, Israeli efforts to boost the West Bank economy, as well as bilateral economic cooperation initiatives.
- » Chapter Two describes steps taken by Israel in order to facilitate and ease access and movement in the West Bank.
- » Chapter Three outlines bilateral Israeli-Palestinian cooperation in the civil sector.
- » Chapter Four presents information on international and Israeli capacity building efforts in the security sector.
- » Finally, Chapter Five outlines Israeli efforts to support and facilitate humanitarian aid to Gaza.

# Chapter One

## Israeli Measures for Economic Growth in the West Bank

### ECONOMIC SITUATION IN THE WEST BANK

#### General Overview

In 2008 and the first half of 2009, there was significant economic recovery in the West Bank, continuing the positive trends reported in the second half of 2007. Macroeconomic conditions in the West Bank have improved during 2009, mainly thanks to improvements in the security situation in the West Bank, the continued financial support of the international community to the Palestinian Authority, increased foreign investment, as well as measures taken by Israel to support economic activity. Continuation of these trends could generate unprecedented growth of approximately 7% in the economy of the West Bank, according to IMF estimates. The world economic crisis and recession in the Israeli economy, on which the economy of the West Bank is highly dependent, have had only a limited negative impact.

This relative economic growth and an improved quality of life are demonstrated by a flourishing of economic, cultural and social activities, including the opening of a shopping mall and a cinema complex in Nablus, the project to build the city of Rawabi, and increased activity of cafes and restaurants throughout the West Bank. According to official Palestinian sources,<sup>1</sup> since 2008, **foreign investment in the West Bank has increased by 600%**, as a result of economic conferences held in Bethlehem and Nablus and the improved security situation on the ground. A sharp increase in cement consumption reaching, during the first half of 2009 alone, a figure exceeding by 18%, amounts consumed in all of 2008, reflects the high volume of construction activity on the ground.<sup>2</sup>

**During the first quarter of 2009, the Palestinian GDP increased by 5.6% compared to the parallel quarter in 2008<sup>3</sup>** (despite early estimates by the Palestinian Central Bureau of Statistics, predicting that the annual GDP would shrink by 3.1%). According to IMF estimates, **economic growth in 2009 is expected to reach 7%**. However, if the trend of growth recorded in the first quarter of 2009 continues, annual economic growth for 2009 could even surpass these relatively optimistic IMF forecasts. This increase continues despite the global economic crisis. Most economic sectors contributed to this acceleration in economic activity. In the employment sector, there was a slight improvement during the relevant period, with the ratio of the work force within the total population reaching 43.6%, compared to 43.1% in 2008. The unemployment rate decreased slightly from 20.9% during the first quarter of 2008, to 20.7% during the parallel period in 2009.<sup>4</sup> **Unemployment**

<sup>1</sup> Palestinian delegation to the Joint Economic Committee, meeting held on September 2, 2009.

<sup>2</sup> Source: COGAT

<sup>3</sup> Source: Palestinian Bureau of Statistics

<sup>4</sup> Source: Palestinian Bureau of Statistics

decreased further in the second quarter of 2009, falling to 16 percent.<sup>5</sup>

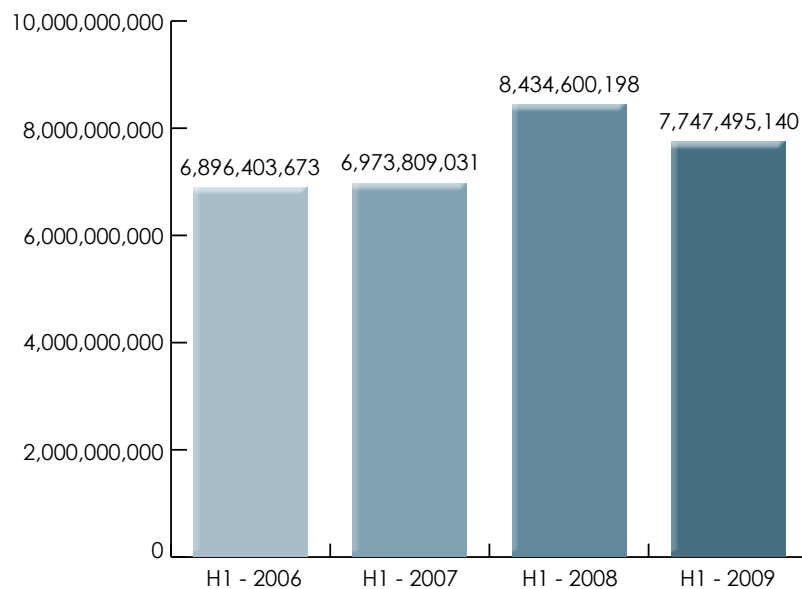
### Trade with Israel

In 2008 and the first half of 2009, there was a trend of increased trade between Israel and the West Bank, in comparison to the equivalent periods in 2006 and 2007. During the first quarter of 2009, Palestinian sales to Israel reached 147 million USD, an 8% increase in comparison to the parallel quarter in 2008. During the same period, Palestinian purchases from Israel amounted to 720 million USD, a 9.5% decrease.<sup>6</sup>

The chart below illustrates Palestinian trade with Israel from 2006 to 2009 (H1 of each year).<sup>7</sup> It should be noted that while figures for the first half of 2009 were slightly lower than figures for the equivalent period in 2008, the overall trend is positive, compared to previous years.

### Chart 1.1

Palestinian Trade with Israel (in NIS)



The positive trend in trade between Israel and the West Bank is also reflected by a **41% increase in the amount of merchandise entering through back-to-back truck crossings between Israel and the West Bank (H1 2009)**. Chart 1.2 summarizes truck crossings in the first half of 2007, 2008 and 2009.<sup>8</sup>

<sup>5</sup> World Bank Report – “A Palestinian State in Two Years: Institutions for Economic Revival,” September 22, 2009, p. 11.

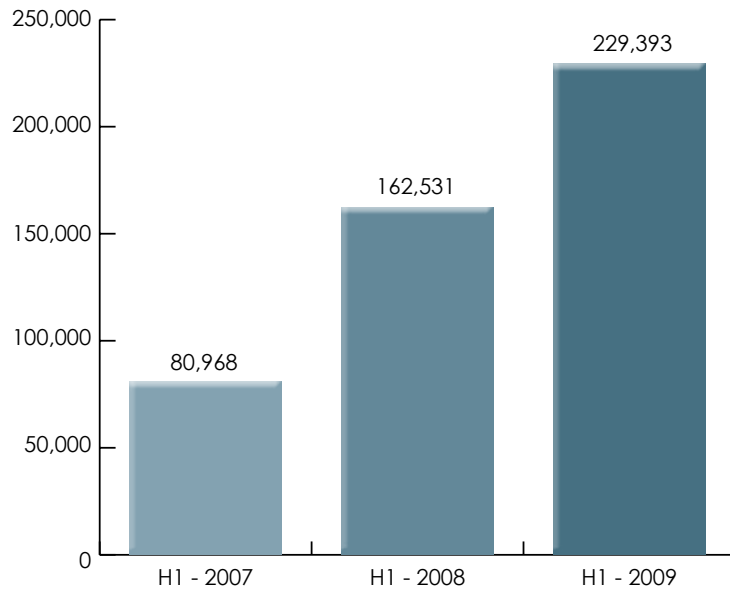
<sup>6</sup> Source : Israel Central Bureau of Statistics

<sup>7</sup> Source: Israel Customs Authority

<sup>8</sup> Source: COGAT

## Chart 1.2

Truck Crossings between Israel and the West Bank



### Employment in Israel and by Israeli Employers in the West Bank<sup>9</sup>

There has been an increase in the number of Palestinian workers employed in Israel and by Israeli employers in the West Bank, at a rate of 5% during H1 2009 compared to H1 2008.<sup>10</sup> In addition, the number of working days in H1 2009 grew by 10.8% to 6,149,945 days, mostly due to the increased amount of permits available for agricultural workers as part of the Israeli initiative to improve the West Bank economy. A total of approximately 50,000 Palestinians are employed in Israel and by Israeli employers in the West Bank. The aforementioned increases are part of an ongoing trend: since 2006, there has been a constant increase in the daily average of numbers of working permits for Palestinians in Israel (10,946 in 2006, 22,184 in 2007, 23,988 in 2008, and 26,011 in 2009).

In 2008 and the first half of 2009, in order to increase Palestinian employment rates, Israel has implemented the following measures:

- » **In September 2009, Israel decided to issue 4,000 additional permits for construction workers in Israel. This, in addition to a previous increase of 1,000 workers, and readjustment of age criteria.**
- » **5,000 overnight stay permits were approved for Palestinian workers to enter Israel.** As of the end of August 2009, 4,566 such permits had been issued. In total there are more than 26,000 valid work permits to enter Israel.

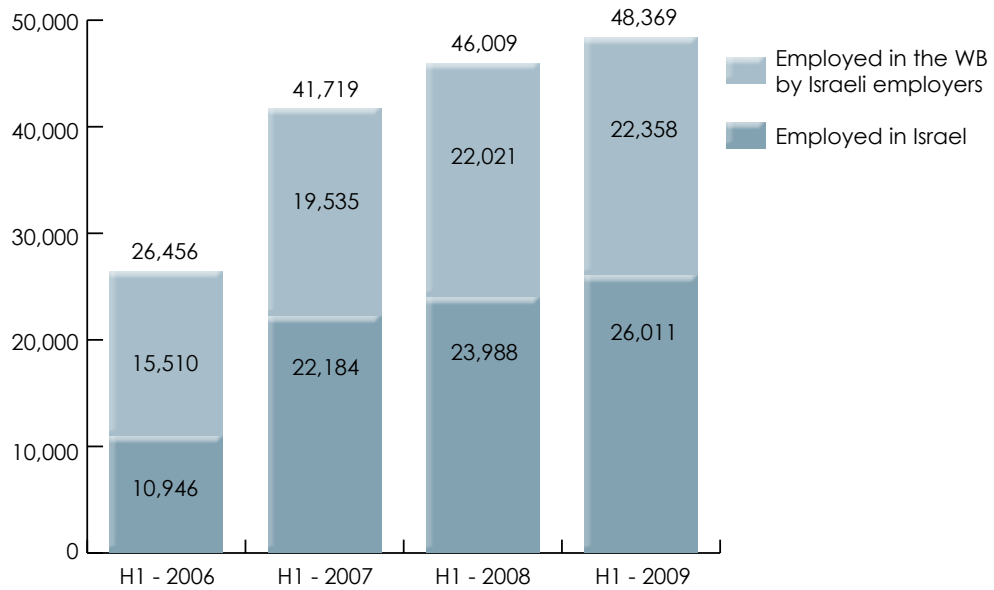
The charts below illustrate the average number of Palestinian workers in Israel and employed by Israeli employers in the West Bank, and the average number of working days.

<sup>9</sup> Source: COGAT

<sup>10</sup> Not including illegal employment.

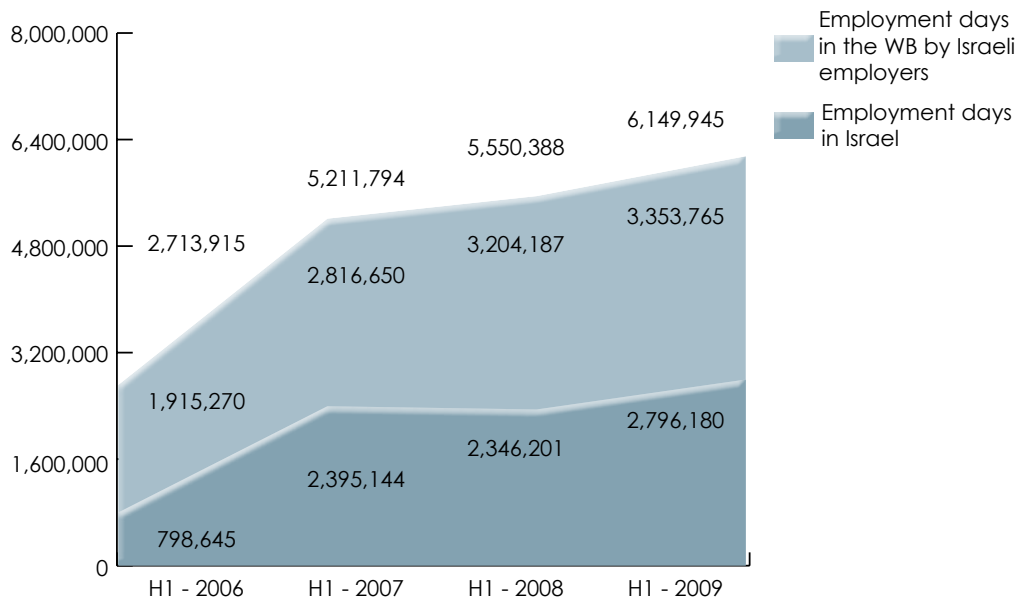
**Chart 1.3**

Palestinians Employed in Israel and by Israeli Employers in the West Bank



**Chart 1.4**

Palestinian Employment by Israelis – Working Days



**External Palestinian Trade through the Allenby Bridge**

In order to improve the import and export of merchandise and the flow of passengers to Jordan, and at the request of the Palestinians, Israel's Cabinet Ministerial Committee decided to extend the operating hours of the Allenby Bridge crossing for passengers and merchandise, now open from 08:00-24:00. Following his visit to the bridge, Prime Minister Netanyahu emphasized the importance of this measure, when he stated, **“I just come from a tour of the Allenby Bridge. A directive has been given to extend the terminal’s operating hours at the bridge, for both goods and pedestrians. This is part of the policy which we are carrying out in order to make the lives**

of the Palestinians easier where possible, in fact to improve the flow of the Palestinian economy.”<sup>11</sup>

According to official Palestinian sources, the extension of the bridge's operating hours has already saved the Palestinian economy between 50-100 million shekels.<sup>12</sup>

Data regarding the movement of commercial goods and passengers in 2008 and the first half 2009 indicate a slight increase in comparison to recent years. However, a slight decrease appears to have occurred in the first half of 2009, possibly a result of the global economic crisis. In the first half of 2009, 585,895 passengers passed through the Allenby Bridge, compared to 591,912 in the first half of 2008 (a decrease of 1%). Similarly, commercial goods passing through the bridge amounted to 6,936 shipments in comparison to 7,527 in the first half of 2008 (a decrease of 7.9%).<sup>13</sup>

### Tourism<sup>14</sup>

During 2008 there was a significant increase in external tourism to the West Bank. Approximately 1 million tourists visited Bethlehem, an increase of approximately 94%. Almost 500,000 tourists visited Jericho, a 31% increase. Data regarding the first half of 2009 point to a reversal in this trend (a decrease of 31%), apparently due to the impact of the global economic crisis on global tourism. However, **in the first half of 2009, there was a sharp increase in internal tourism in the West Bank, amounting to 25% (350,000 tourists, compared to 284,000 in the first half of 2008).**

## Israeli Measures for Economic Growth in the West Bank

### Cabinet Ministerial Committee on Improving the Economic Situation of Palestinian Residents of the West Bank

At a cabinet meeting on May 10, 2009, the Israeli Government decided to form a Cabinet Ministerial Committee, chaired by the Prime Minister, dedicated to facilitating economic projects for the Palestinian population in the West Bank and removal of obstacles to economic growth. The establishment of this Committee reflects the high priority accorded by the government to Palestinian economic development. As Prime Minister Netanyahu stated, **“I personally head a ministerial committee to unblock several economic projects that have been held up that I think could advance the Palestinian economy. I think we can do an enormous amount to advance tourism and investments, and we're prepared to do that.”**<sup>15</sup>

The Committee is comprised of senior government ministers, and its objectives include examining ways to encourage the movement of goods and people, removing impediments to the progress of economic projects in the West Bank, as well as eliminating bureaucratic impediments in this area.

<sup>11</sup> [http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2009/PM\\_Netanyahu\\_addresses\\_National\\_Defense\\_College\\_graduates\\_28-Jul-2009](http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2009/PM_Netanyahu_addresses_National_Defense_College_graduates_28-Jul-2009)

<sup>12</sup> Joint Economic Committee meeting, September 2, 2009.

<sup>13</sup> Source: Israel Airports Authority

<sup>14</sup> Source: COGAT

<sup>15</sup> [http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2009/PM\\_Netanyahu\\_conference\\_call\\_to\\_Conference\\_of\\_Presidents\\_21-Jul-2009](http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2009/PM_Netanyahu_conference_call_to_Conference_of_Presidents_21-Jul-2009)

The Committee has already held several meetings, at which decisions were reached regarding matters such as extending the operating hours of the Allenby Bridge, the establishment of industrial zones, and other projects.

### **Israeli Measures to Facilitate Palestinian Business Activity**

A number of measures have been adopted by Israel in order to help facilitate increased Palestinian business activity. These measures are designed to enable increased access for businessmen who generate significant income, and include:<sup>16</sup>

- » Issuing 447 additional Businessman Cards. The total potential number of holders is 1,500. Permits for merchants were also issued for senior merchants registered with the Palestinian Chamber of Commerce, with the potential number of permits reaching 10,000 (nearly 5,000 have been issued). These cards and permits facilitate the entry of Palestinian businessmen to Israel, and make it easier for Palestinian businessmen to conduct ongoing business, providing vital income for many in the West Bank.
- » Working hours at crossings to Jenin were extended, helping to increase trade and economic activity with Israel and enabling the extension of working hours of merchants and workers in Israel.
- » Enabling entry of Israeli Arabs into the West Bank, particularly Jenin, in order to stimulate the local economy. In the first half of 2009, 78,025 Israeli Arabs entered the Jenin area, almost double the number entering in the second half of 2008, which stood at 47,964. During recent months, approximately 3,000 Israeli Arabs have entered Nablus each month.

### **BILATERAL ECONOMIC COOPERATION**

Economic relations between Israel and the Palestinian Authority are governed by the Paris Protocol of April 29, 1994, which has been incorporated into subsequent agreements signed by the two sides.

Israel conducts extensive economic cooperation with its Palestinian neighbors. This cooperation includes fiscal cooperation between the Israeli and Palestinian ministries of finance, designed to guarantee the smooth flow of tax revenue collection to the Palestinian Authority; cooperation through the Joint Palestinian-Israeli Economic Committee (JEC) established under the Paris Protocol on Economic Relations; cooperation between the customs and VAT authorities; joint professional training activities; and cooperation enabling the Palestinian Authority to successfully conduct economic conferences in Bethlehem and Nablus.

### **JOINT ECONOMIC COMMITTEE<sup>17</sup>**

On September 2, 2009, the Joint Economic Committee convened for the first time at ministerial level, chaired by Israel's Vice Prime Minister and Minister for Regional Cooperation, and the Palestinian Minister of Economy. This was the Committee's eighth meeting since it resumed discussions and regular meetings in December 2007. The Committee was upgraded to ministerial level by an Israeli cabinet decision, reflecting the high priority accorded by the Israeli Government to Palestinian economic development and

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<sup>16</sup> Source: COGAT

<sup>17</sup> Information regarding additional bilateral committees appears in Chapter Three below.

Israeli–Palestinian economic relations. The Joint Economic Committee was established, and operates, under the Paris Protocol on Economic Relations.

The Committee is intended to serve as a forum to discuss issues arising from the implementation of the aforementioned Paris Protocol and the Interim Agreement, as well as other ongoing economic issues of mutual importance between the sides. Since 2007, the Committee has provided a platform to discuss a wide range of issues, including inter alia: investments, the operation of crossings, Palestinian workers in Israel, the transfer of cash to Gaza, and resolving obstacles to economic development.

## FISCAL COOPERATION

Since mid-2007, there has been close cooperation between the ministries of finance of Israel and the Palestinian Authority. This cooperation includes the regular transfer of tax clearance revenues to PAMOF by IMOF, which has been carried out on a consistent monthly basis since July 2007. Between this date and July 30, 2009, approximately NIS10.4 billion in tax revenues was credited to the Palestinians.<sup>18</sup> These revenues constitute one of the PA's primary sources of income, and are indispensable, together with budget support provided by donors and local tax collection, in enabling the PA to sustain operations, including payment of public sector salaries and private sector contracts.

It should be noted that payments due to Israeli companies for utilities including water, electricity and sewage, as well as healthcare, that are provided to the Palestinians in the West Bank and Gaza by Israeli companies, are partially deducted each month directly from the tax clearance revenues transferred. Usually, the timing and amounts of these deductions are agreed in advance with the Palestinians. Thus, from July 2007 to July 30, 2009, approximately NIS 2.2 billion was deducted from the aforementioned figure of NIS 10.4 billion, and de facto IMOF transferred NIS 8.2 billion to the PA during this period.

### Transfer of Tax Clearance Revenues (Million NIS)

Subject	2005	2006	2007	2008	1-8/2009
Import taxes	1,263	1,179	1,263	1,313	1,000
Local taxes (VAT + purchase tax)	1,275	1,146	1,462	1,379	901
Excise	862	983	1,222	1,226	914
<b>Total Taxes</b>	<b>3,400</b>	<b>3,308</b>	<b>3,947</b>	<b>3,918</b>	<b>2,814</b>

## Bilateral Cooperation between Banking Systems on Anti-Money Laundering and Financing of Terrorism

Representatives of the Bank of Israel, the Israeli banking system and their Palestinian counterparts have met twice in Jerusalem (on June 7 and July 28, 2009), to discuss cooperation regarding the implementation of international standards in the area of Anti-Money Laundering and Financing of Terrorism.

<sup>18</sup> Of this NIS 10.4 billion, approximately NIS 2 billion are taxes collected for the period 2006-2007, which had not previously been transferred.

The representatives discussed different legal aspects and monitoring mechanisms for the supervision of banks and the banking system.

## **COOPERATION BETWEEN CUSTOMS AUTHORITIES**

As set out in the Paris Protocol, in the customs field Israel and the Palestinian Authority operate based on the principle of a “customs envelope.” Under this principle, apart from certain exceptions, Israel and the PA share the same import policy regarding matters such as licensing and standards, and the level of import taxes on Palestinian imports must be the same or higher than those applying in Israel.

Since there is no customs border between the two sides, customs procedures are carried out at the ports of entry. Once the goods leave the port, they may circulate between the sides without having to undergo additional customs formalities.

If the goods are destined for the Palestinian side, Israel transfers the import taxes to the Palestinian side in accordance with the provisions of the Paris Protocol.

Professional cooperation between the customs authorities of Israel and the Palestinian Authority has been fruitful. A close and productive partnership has developed between the Israel Customs Department (ICD) and the Palestinian Authority Customs and Excise (PACE), in the area of ongoing operations, as well as in the area of capacity building.

ICD has informed the WCO that it fully supports the capacity building of PACE and regards initiatives being implemented by the WCO in this regard as an important element both for PACE itself and for enhancing future cooperation between the sides. ICD sees itself as an integral partner and is willing to assist in the professional capacity building of PACE, in cooperation with the WCO and other international organizations.

Cooperation between ICD and PACE has been carried out in a number of fields, as described below:

### **Joint Training Seminars for PACE Professionals**

Five seminars for PACE professionals (from the West Bank) have been held, most recently in March 2009. Thirty professionals from PACE participated in this most recent seminar, which was funded by USAID, and leading ICD customs experts served as lecturers.<sup>19</sup>

An additional seminar on the subject “Customs Clearance Process” is planned for October of 2009.

In April and in August 2009, joint meetings were held at the Allenby Bridge between representatives of Palestinian private companies, ICD, USAID, the Trade Facilitation Program, the American Consulate, the World Bank, IMOFA, IDF, COGAT and other border agencies and government offices. These meetings followed an earlier meeting with USAID concerning ways to improve trade procedures between Jordan and the PA. During the meetings, representatives of the Palestinian companies raised issues of concern, and relevant assistance and solutions were discussed. The Palestinian company representatives showed appreciation for the initiative and thanked ICD for the meeting.

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<sup>19</sup> Seminar topics have included customs tariffs and classification, and general aspects of customs authority operations, such as: clearance process for goods, valuation, personal importation, legality of importation, customs investigations, enforcement, and post-audit control.

ICD also participated, together with other Israeli parties, in a number of professional joint study tours for Palestinian colleagues at different locations in Israel, including:

- » A tour of the Haifa port for Palestinian importers.
- » A tour of the Hamesila industrial area for members of the Palestinian Organization of Industrialists.
- » A tour of the Standards Institute of Israel for Palestinian importers.

### **Cooperation in Enforcement of Collection from PA Importers**

Pursuant to the agreements in force, ICD transfers to the PA taxes collected in respect of imports to the Palestinian territories. ICD conducts professional audits of imports, even after the goods have been released to importers, and where inaccuracies are uncovered, deficits result, for collection from importers.

ICD has begun providing PACE with computerized information regarding deficits due for collection from Palestinian importers, which ICD was unable to collect due to a lack of access to the Palestinian territories. The information transferred provides PACE with tools to deal with importers within its territories. Collecting deficits independently is an essential step in building the professional capacities of PACE.

Cooperation in enforcement of collection includes a number of joint activities, as follows:

**Joint Israeli-Palestinian Computerized Interface and Coordination Team** – a joint team has been established to coordinate procedures and computerized interfacing in order to improve the exchange of information, for the benefit of both sides. The team's objective is to provide a forum to discuss ideas and identify solutions regarding computerized connections between the customs authorities and procedures for working together.<sup>20</sup>

As per the request of PACE, beginning on August 16, 2009, commercial import entries of Palestinian importers who are not registered with the VAT authorities will be blocked.

**Joint Procedures for Releasing Goods to the PA with a Conditional Exemption** – joint working procedures have been formulated by the customs authorities, in order to enable coordination and cooperation regarding the release of goods from the control of customs, under certain conditions and with a conditional exemption.<sup>21</sup>

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<sup>20</sup> At present, information regarding imports to the Palestinian territories is transferred to PACE in monthly collection reports, which include information about the goods imported, their value, classification, taxes paid and the importer.

<sup>21</sup> This coordination and cooperation consists of the following stages: First, PACE ensures that the terms of the conditional import have been met, secondly, ICD performs the actual clearance of the goods at the port of importation, and thirdly, PACE determines that the importers meet the legal requirements of the relevant conditional exemption.

For these purposes, joint working procedures have been formulated by the customs authorities on the following topics:

- » Releasing donations to the Palestinian territories.
- » Releasing goods with a conditional exemption (such as raw materials).
- » Releasing personal imports with returning resident rights.
- » Releasing new taxi cabs.

## COOPERATION BY THE UNIT FOR VAT AND PURCHASE TAX COORDINATION

The Paris Protocol provides for the clearance of VAT on local production on the basis of special tax invoices which must be used in business transactions between the sides. Since Palestinians purchase more goods and services from Israelis than Israelis purchase from them, Israel transfers the difference to the Palestinian side.

Pursuant to a subsequent agreement between the sides, a similar procedure exists for the clearance of purchase tax on local production.

Cooperation is conducted through a special unit created to coordinate with the PA on VAT and purchase tax matters. Coordination includes joint meetings to determine the amounts of VAT and purchase tax clearance revenues to be transferred. Joint meetings are held on a monthly basis, and include both monthly preparatory pre-clearance meetings<sup>22</sup> and monthly clearance meetings, in which the final amount to be transferred is determined.

In addition to the abovementioned clearance meetings and related activities, there are other areas in which Israeli and Palestinian representatives cooperate, on different matters and based on need. Cooperation includes assistance in conducting verifications, including submitting investigation materials to the other side, upon request.

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<sup>22</sup> Each month, a meeting is held prior to the monthly clearance, in which Israeli and Palestinian representatives discuss problems and exchange materials such as: PA requests to deal with VAT and purchase tax refunds, updates on future deductions, requests to receive copies of receipts for verification purposes. In addition, procedures are determined to deal with different problems. The meeting is a preparatory meeting for the actual clearance meeting.

# Chapter Two

## Facilitation of Access and Movement

Checkpoints and roadblocks have proven to be effective tools for preventing and intercepting terrorist attacks, enabling the confiscation of weapons and the detainment of terrorists and wanted individuals. In many cases, the checkpoints serve as a last line of defense against terrorists, and provide the security forces more time to intercept the attack and stop it before it reaches its civilian target.

In spite of continued security threats, and due to Israel's desire to ease movement and access of Palestinian civilians on the ground, combined with improved Israeli-Palestinian security coordination, **since the end of 2007, Israel has dramatically reduced the number of checkpoints, from 41 in July 2007 to 14 in August 2009,<sup>23</sup> and has removed more than 140 roadblocks,** taking calculated risks. In addition, Israel has taken a number of significant complementary steps to facilitate the movement of Palestinians who play a key role in Palestinian economic activity, governance and society. These steps demonstrate Israel's commitment to supporting Palestinian economic growth. As stated by Prime Minister Netanyahu: **"The Minister of Defense has removed a significant number of road blocks, and we are working together in the government in order to remove obstacles for economic projects which could advance the Palestinian economy. We are doing this because we are convinced that economic progress and development will help achieve both diplomatic and political peace."**<sup>24</sup>

As a result of the Israeli measures, movement between the different areas within the West Bank is now smoother and quicker. Palestinian individuals or trucks moving between key cities and from north to south in the West Bank, cross through fewer checkpoints, most operated as "normally open," i.e. open around the clock, seven days a week.

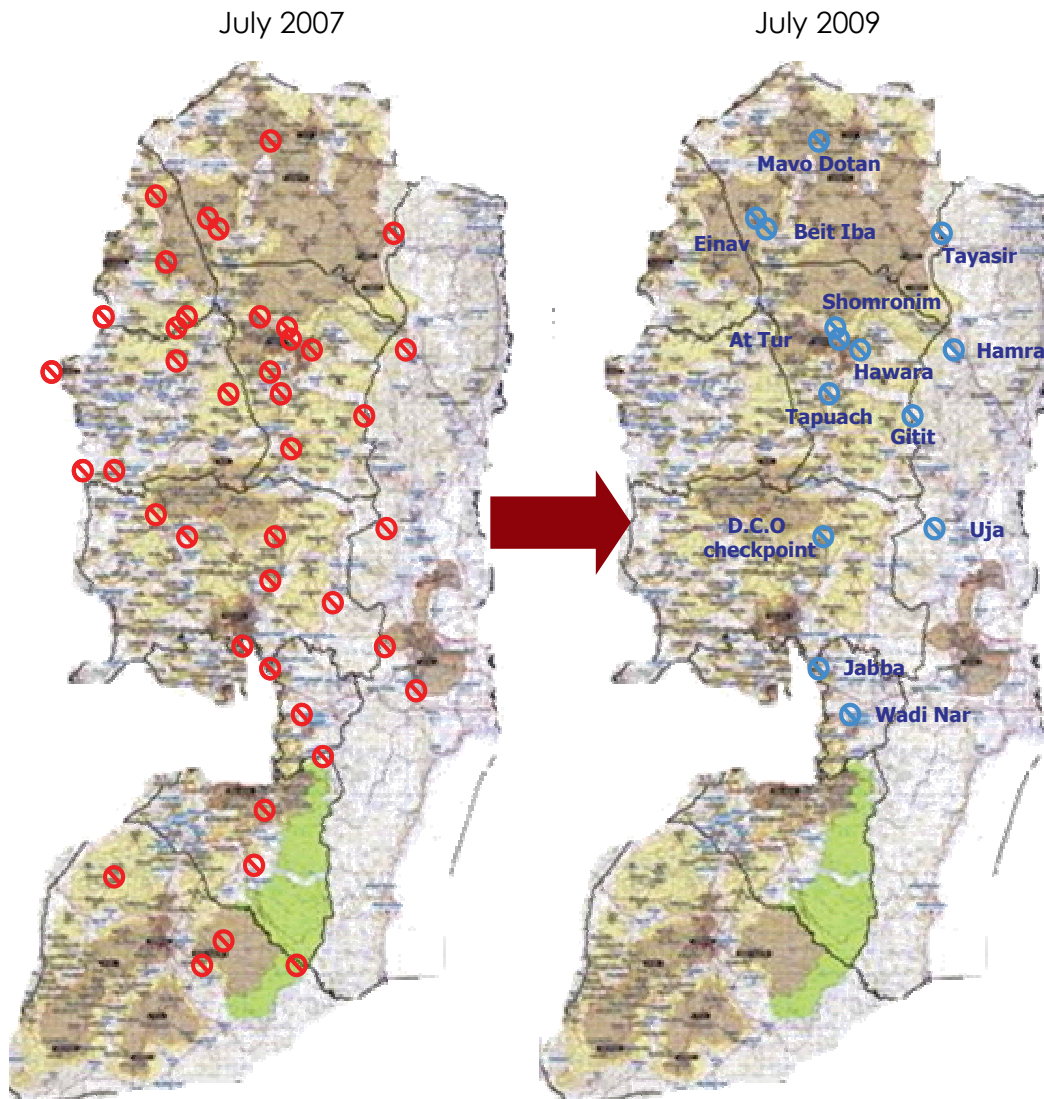
Israel's measures have been commended by the international community as well as by Palestinian representatives to international forums. For example, on June 25, 2009, a State Department spokesperson stated, "We appreciate the positive steps, which are consistent with the Israeli Government commitment to help improve lives of average Palestinians, but we also recognize that there's also more work that has to be done in this regard." Israel is willing to take further steps, depending on developments on the ground.

<sup>23</sup> During 2008 Israel lifted 17 checkpoints, and in the first half of 2009 it lifted 10.

<sup>24</sup> [http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+Leaders/2009/PM\\_Netanyahu\\_addresses\\_National\\_Defense\\_College\\_graduates\\_28-Jul-2009](http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+Leaders/2009/PM_Netanyahu_addresses_National_Defense_College_graduates_28-Jul-2009)

The following map illustrates the reduction of checkpoints from the end of July 2007 to July 2009:

## Map 1- Reduction of Checkpoints



Israel has upgraded facilities and infrastructure at checkpoints and crossings, in order to shorten travel times and increase convenience, at a cost of NIS 8.5 million. Israel has also extended hours of operation of checkpoints.

### Permits Facilitating Access and Movement

Complementary measures have been taken by Israel to facilitate and ease the movement of Palestinians, in a number of sectors:

- » VIP Cards - According to a list provided by the PA Civil Affairs Ministry, Israel has issued 205 VIP cards (levels 1 and 2) and 273 movement cards for senior public officials. These cards allow holders to benefit from a policy of preferential passage at crossing points.
- » Businessman Cards – According to a list provided by the PA Civil Affairs Ministry, Israel has issued 447 BMCs. The total number of BMC holders has thus increased to 1,500. These cards allow holders to benefit from a policy of preferential passage at crossing points.

- » Issuance of permits for merchants (for senior merchants registered with the Palestinian Chamber of Commerce). The potential number of permits currently stands at 10,000, while nearly 5,000 permits have already been issued.
- » Since January 2009, the number of permits issued for medical care in Israeli hospitals has increased by 18%, to a total of 85,679 permits.
- » Approval for Israeli Arabs to enter the West Bank cities of Jenin, Tulkarem, Qalqilya, Jericho, Hebron and Bethlehem seven days a week, and Nablus over the weekend. During the Ramadan holiday, there is access to Nablus seven days a week.
- » Currently, the Jenin crossing is being upgraded (by USAID) to enable the passage of vehicles. Work on the crossing is expected to be completed by the end of September. The number of Israeli Arabs crossing into Jenin reached approximately 78,000 in the first half of 2009.
- » Extending the validity of different permits (international organization workers, employment and prisoners visitation permits) to 6 months (instead of 3 months as previously).
- » During special periods (holidays, financial conferences, etc.) Israel periodically approves special measures to ease access and movement in the West Bank and to Israel, based on assessments of the situation on the ground.

### **Measures to Ease Access and Movement during the Ramadan Period**

During the Ramadan period and the Muslim holiday of Eid al-Fitr (August 20 until September 21, 2009), Israeli authorities are implementing measures to ease access and movement in the West Bank, as follows:

- » Enabling married men aged 45-50 and married women aged 30-45 to travel to the Temple Mount for prayers. Palestinians above these ages are always able to enter.
- » Measures to ease movement for the Palestinian population at all the checkpoints and crossings.
- » Enabling Israeli Arabs to enter Bethlehem via the Rachel crossing, in order to visit family members.
- » Enabling Palestinians who have relatives in Israel to enter Israel for family visits lasting up to a week.
- » Opening the Salem crossing for Israeli Arabs with vehicles.
- » Extending the hours of operation at the DCO (Joint District Coordination Offices) crossing in Ramallah - now open from 06:00-24:00.
- » Extending the hours of operation at the Jalama crossing near Jenin until 24:00.

# Chapter Three

## Building Bridges between Governments and People: The Civil Sector

### INTRODUCTION

Israeli-Palestinian cooperation in the civil sector aims to strengthen the ties between governmental branches on both sides, supporting the capacity building process of the Palestinian administration, enhancing cooperation and capacity building of civil society, as well as building bridges between the Israeli and Palestinian peoples.

This chapter provides information on the fruitful and intensive bilateral cooperation between Israel and the Palestinians in 2008 and the first half of 2009, in the civil field.<sup>25</sup> The data provided below are intended to give a general indication of different types of cooperation conducted between Israel and the Palestinians during that period.

### JOINT BILATERAL COMMITTEES

The Oslo Accords established joint Israeli-Palestinian committees, to coordinate cooperation between the sides in different fields, on ongoing matters of mutual importance. Additional committees were established as subcommittees of the Joint Civil Affairs Coordination and Cooperation Committee established by Oslo. Many of these committees were active in 2008 and the first half of 2009, including committees in the areas of economics, law, tourism, agriculture, health, communications, water, welfare, and project implementation. The operations of a number of committees are outlined in detail below.

**Joint Economic Committee** – The Committee resumed operations in December 2007, and has held regular meetings since. According to an Israeli cabinet decision, the Committee was upgraded to the ministerial level, and is now headed on the Israeli side by Israel's Deputy Prime Minister and Minister for Regional Cooperation. On the Palestinian side, the Committee is now headed by the Palestinian Minister of Economy. **The Committee's first meeting at ministerial level was held on September 2, 2009.** The activities of this Committee are outlined in detail in the first chapter of this report dealing with economic issues.

**Joint Legal Committee** - The Committee, headed by the Director General of the Ministry of Justice on the Israeli side, and the Assistant Deputy Minister at the Ministry of Justice on the Palestinian side, **resumed operations in August 2008, and has met three times since then. The Committee's next meeting is scheduled for October 2009.** The activities of this Committee are outlined in detail in the section on bilateral legal cooperation, below.

<sup>25</sup> It should be noted that although this chapter deals primarily with bilateral Israeli-Palestinian cooperation, some of the cooperation described below involved donor states and functioned on a multilateral basis.

**Joint Agricultural Committee** – Headed by the Director General of the Israeli Ministry of Agriculture and Rural Development and the PA's Minister of Agriculture. The Committee, which includes two active subcommittees (on Regional Veterinary Issues and on Protection of Plants), met a number of times in 2008. Within this framework, Israel's Minister of Agriculture and Rural Development met with his Palestinian counterpart twice.

**Joint Tourism Committee** – Headed by the Deputy Director General of Israel's Ministry of Tourism, and the PA's Deputy Minister of Tourism. The Committee held several meetings in 2008.

**Joint Transportation Committee** – Headed by the directors general of the ministries of transportation of Israel and the PA. A regional subcommittee held several meetings in 2008.

**Joint Telecommunications Committee** – Headed by the Deputy Director General of Israel's Ministry of Communications and the PA's Deputy Minister of Communications. **The Committee held several meetings in 2008, and met three times in the first half of 2009.** Committee discussions dealt inter alia with establishing the second Palestinian cellular operator, Al-Watania.

An Israeli-Palestinian Joint Subcommittee for Postal Services has recently been established. Its first meeting was convened on June 28, 2009 at the level of directors general.

**Joint Water Committee** – Headed by the Director of the Israel Water Authority and the PA's Water Commissioner. The Committee includes subcommittees on sewage, pricing, hydrology and water works. **The Committee held several meetings in 2008, and met twice in the first half of 2009.** The Committee's last meeting was on August 27, 2009.

Within the Committee, 39 projects have been approved and 21 permits have been issued. Nine urgent Palestinian requests to construct water reservoirs were also approved in 2009 by the Committee. A number of projects have been held up on the Palestinian side: information regarding 11 projects was never provided by the PA, and three projects were rejected due to lack of a master plan. Four projects are still under review by the Israeli authorities. In addition, in 2001 the Committee approved the drilling of 12 new wells. Discussions have been held between Israeli and Palestinian authorities regarding implementation, and on May 24, 2009, Israeli authorities received a letter stating that the Palestinian Water Authority (PWA) has initiated a tender for 3 of the 12 wells and will shortly start drilling these wells.

During the Committee meeting held in July 2009, a rapid clearance mechanism was agreed upon for urgent humanitarian projects. Under this new mechanism, such projects will be discussed within 21 days.

In addition, Israel and the Palestinians have approved projects to construct sewage treatment plants in Jenin, Nablus, Tulkarem, Ramallah, Salfit and Hebron.

Israeli authorities have given the necessary approval to move a number of projects forward in this sector, including those mentioned above. However, the Palestinian side (and in some cases, international organizations) have not yet taken the necessary steps in order to implement these projects.

**Joint Health Committee** – Headed by the Commander of COGAT and the PA's Director of Health. The Committee has three active regional subcommittees, dealing with hospitalization, pharmacy, public health and epidemiology. In 2008, the Committee and its subcommittees held several meetings. In the first half of 2009, the Committee did not convene, but

several meetings have been held with representatives of the PA health system, regarding swine flu.

[The Welfare \(Social Services\) Committee](#) – Headed by the ministers and/or directors general of the ministries of social services of Israel and the PA. The Committee convened once in 2008.

## Bilateral Coordination on Energy – Electricity Infrastructure

Upgrading the electricity infrastructure in the West Bank is a priority shared by Israel, the Palestinians and the international community.

Under the Interim Agreement, an ongoing dialogue is held between the parties on energy issues. The Israeli and Palestinian energy authorities hold regular meetings, attended by representatives of the Ministry of Infrastructure, COGAT, and the Israel Electricity Company, on the Israeli side, and the Palestinian Energy Authority, on the Palestinian side.

An electricity project, funded by the European Investment Bank (EIB) is currently in advanced stages. Under this project, four electricity sub-stations will be constructed, in Jenin, Ramallah, Nablus and Hebron, at an estimated cost of 100 million euros. This project will substantially increase the electricity capacities of the West Bank, and will enable development in a wide range of sectors.

In addition, the electricity supply has been increased in certain locations, solar power capabilities have been established in localities that are not connected to the power grid, villages have been connected to the electricity network and power grids have been constructed within villages.

## Bilateral Legal Cooperation

Israel views bilateral legal cooperation as an important issue that should be enhanced and further strengthened, and as a vital element of institution and capacity building. Israel's Ministry of Justice maintains ongoing relations with its Palestinian counterpart, primarily through the Head of Legal Assistance Office, and the Joint Legal Committee.

The Head of Legal Assistance was created as a unit within the Ministry of Justice following the Oslo Accords, and is responsible for handling matters of legal assistance with the Palestinians, in the criminal and civil areas. The scope of operations, which has recently increased through enhanced joint efforts, has been dependent over the years upon various external factors, including the level of cooperation on the Palestinian side.

The Joint Legal Committee, established under the Oslo Accords, serves as a forum for Israel and the Palestinians to discuss and cooperate on practical legal issues of mutual importance. The Committee is headed, on the Israeli side, by the Director General of the Ministry of Justice, and on the Palestinian side by the Assistant Deputy Minister at the Ministry of Justice. Since August 20, 2008, when the Committee reconvened for the first time in over eight years, the Committee meets on a regular basis every few months. The Committee's next meeting is scheduled to be held in October 2009.

Israel cooperates with, and supports, efforts by the international community to support Palestinian capacity building efforts in the legal field. Meetings have been held with representatives of the Rule of Law Section of the European Union Police Mission in the Palestinian Territories (EUPOL COPPS),

inter alia for these purposes. Israel participated in the Berlin Conference in Support of Palestinian Civil Security and the Rule of Law, held on June 24, 2008, and continues to participate in meetings of the Four Party Focal Points Group established following the Conference, for the purpose of working together to enhance capacity and institution building within the Palestinian territories, as well as joint Israeli-Palestinian legal cooperation.

## PROMOTING DIALOGUE, MUTUAL UNDERSTANDING AND PROFESSIONAL TRAINING

The Government of Israel conducts numerous initiatives designed to promote dialogue and mutual understanding among the Palestinian and Israeli peoples. Participants include members of civil society, organizations, the private sector, private individuals, students, professionals, civil servants and politicians. Activities touch on many different aspects of the daily life of Palestinian and Israeli individuals, including: education, welfare, agriculture, healthcare, religion, sports and the environment.

These activities are carried out primarily by two agencies within Israel's Ministry of Foreign Affairs: the National Agency for International Development Cooperation (MASHAV) and the People to People Program (PTP). MASHAV focuses on training and capacity building, while PTP focuses on joint programs aimed at building personal connections between Israelis and Palestinians.

### JOINT PROJECTS THROUGH MASHAV

MASHAV activities are designed to reflect both the goals of Israel's Ministry of Foreign Affairs vis-à-vis the Palestinian Authority as well as the development strategies of the Palestinians. MASHAV programs aim to foster an atmosphere of trust, mutual respect and tolerance between the Palestinian and Israeli peoples.

Select MASHAV activities and cooperation projects with the Palestinian Authority in 2008 and the first half of 2009 are outlined briefly below:

**Effective Agricultural Business Management** - Leaders of Palestinian and Israeli agricultural cooperatives participated in a course designed to strengthen the norms of cooperatives and learn about the international cooperative reality.

**Programs to Empower Palestinian Women and Youth** - MASHAV conducted a number of programs aimed at empowering Palestinian women and youth, including:

- » **Women Building a New Reality** – a series of seminars designed to develop a dialogue between Palestinian and Israeli women representing a varied cross-section of their societies. Over the past four years, the workshop has brought together 400 participants from a broad spectrum of Israeli and Palestinian society: students and university graduates, social workers, teachers, doctors, lawyers, businesswomen, directors of social NGOs, volunteers and religious groups. In 2008, 71 women participated in the seminars. During the first half of 2009, four workshops were held, and four additional workshops are planned for the second half of the year.

- » [Women Leadership, Strengthening Civil Society and Small Businesses](#) – a workshop aimed to help Israeli and Palestinian women learn about life's reality on both sides, in order to create a shared way of thinking and a common language. In 2008, 25 women participated.
- » [Establishment and Management of Small Enterprises](#) - a joint program conducted in collaboration with the Polish Humanitarian Organization (PHO) and a Palestinian NGO, to help improve the standard of living and empower women in society. Thus far, the program has trained 34 Palestinian women in the raising of goats and the production of milk. The most recent course is currently underway (August-September 2009), training an additional 20 women.
- » In August 2009, a meeting was held between Israeli and Palestinian women on "Small and Medium Entrepreneurship."

[Israel-Palestinian Authority Regional Agricultural Program](#) - a unique regional program being carried out under the sponsorship of the Danish International Development Agency (DANIDA), encompassing different topics in the field of agriculture. Egypt, Jordan, Israel and the Palestinian Authority all participate in the Program, with Denmark as the initiator and main supporter. The Program is currently well into its second five-year phase. During 2008, 45 trainees from Jordan, Egypt and the Palestinian Authority participated in workshops conducted in Israel on quality standards of fresh products, reclaimed wastewater and milk processing for women, and 13 meetings of partner experts were held.

[Agro-Industrial Park in Jericho](#) – Israel has initiated the implementation of capacity building training workshops by MASHAV, within the Japanese initiative to build an agro-industrial park in Jericho.

[Rehabilitation of Children with Special Needs](#) - a seminar conducted in cooperation with the Jewish Distribution Committee, in February 2008, in which 11 professionals from the Palestinian Authority participated.

[Working Together to Prevent Violence in Israeli and Palestinian Schools](#) – a workshop designed for both Israeli and Palestinian teachers, held in April 2008. Ten teachers from the Palestinian Authority participated in this workshop.

#### **Activities Scheduled for the Second Half of 2009:**

These activities include a trilateral Israeli-Belgian-Palestinian program designed to empower Palestinian women for economic development. Scheduled to commence in October 2009, this program will continue for a period of 12-18 months and includes setting up small businesses. In addition, another seminar within the program Palestinian and Israeli Women Building a New Reality is scheduled for December 2009.

### **PEOPLE TO PEOPLE**

The People to People Program was established in accordance with the Oslo Accords, in order to enhance the dialogue and relations between the Israeli and Palestinian peoples.<sup>26</sup> Carried out by IMOFA, the concept behind PTP is an understanding that a stable and lasting peace is woven between peoples, and not just leaders and states.

<sup>26</sup> Article VIII of Annex VI to the Oslo Accords - Protocol Concerning Israeli-Palestinian Cooperation Programs.

The objectives of PTP are to break down psychological barriers, to lighten emotional baggage caused by fear, to conquer stereotypes and preconceptions resulting from the conflict, and to convey the mutual benefits that peace can accord to both sides, on the economic and social planes as well as with regard to quality of life. These objectives are achieved through projects in the areas of education, welfare, agriculture, health and environment.

The Program's operations are intended to create a framework for cooperation between communities, organizations, and different groups within society, through a "bottom-up" approach. Program activities are intended to serve as a security net for the peace process, and as confidence building measures.

PTP has been active, at varying degrees, since the signing of the Oslo Accords. The scope of activities has been tied to political developments and progress in the peace process.

In mid-2007, activities bringing together members of the Israeli and Palestinian civil societies gained momentum, with enhanced involvement of the governments of Israel and the PA, and with assistance from NGOs in coordination, funding and support. During the first half of 2009, due to a lack of cooperation on the Palestinian side, the pace of activity slowed. However, at the beginning of September, the PA Minister of Foreign Affairs made a decision to resume PTP meetings and activities.

Independent joint civil society activity continues. Meetings on "Regional Sustainability" are held on a monthly basis, with Israeli and Palestinian experts (including representatives from government ministries), at the Van Leer Institute and the Palestinian House for Professional Solutions. Participants work together to prepare proposals for joint projects to be implemented in the short and long terms. A meeting between Israeli, Palestinian, Jordanian and Norwegian poets was held, with great success, in June 2009. The project is expected to continue in 2010.<sup>27</sup> There is also cooperation with FIFA for the purpose of establishing a soccer infrastructure in the PA, within which construction of a stadium and a sports facility are planned. Trilateral programs in the area of soccer are planned at a later stage, including joint training sessions for soccer coaches.

Within the framework of PTP, the Israeli and Palestinian ministries of foreign affairs have helped realize cooperation in the following areas:

- » With the consent of PMOFA, IMOFA is preparing a proposal for joint operations in the battle against swine flu.
- » The "Diplomatic Channels" program: meetings for young Israeli and Palestinian diplomats (sponsored by the Dutch Ministry of Foreign Affairs).
- » Coordination meetings between the Israeli and Palestinian societies for the protection of nature. As a result of these meetings, a number of proposals for joint activities were drafted, inter alia in the areas of bird-watching and education for protecting the environment. As soon as funding is obtained, implementation of these proposed projects will commence.

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<sup>27</sup> Scores of organizations, many under the umbrella of the Palestinian-Israeli Peace NGO Forum, in which over 100 organizations are members, conduct numerous additional activities in these areas.

- » Meetings for young politicians: parliamentary assistants, social action leaders and others.
- » Meetings between Israeli and Palestinian students in Israel and Germany, with the aim of co-authoring a children's book to be distributed to the Israeli and Palestinian education systems.
- » Sport competitions for young Israelis and Palestinians (competitions were held in Tel Aviv, Ein Gedi and Tiberias).
- » Experts meetings on regional sustainability.

# Chapter Four

## Security Challenges and Capacity Building

### INTRODUCTION

Building the Palestinian security sector constitutes an essential foundation of Palestinian capacity building.

Improvements in Palestinian capabilities in the area of law and order, and growing coordination between Israeli and Palestinian security forces, enabled Israel to take significant steps to help improve the security capacity of the Palestinian Security Forces (PSF), during 2008 and the first half of 2009. This reflects an understanding that the higher the level of security reached on the ground, and the capabilities developed, the less Israel will need to act on the ground.

In parallel, Israel supports efforts led by the international community to help implement and facilitate capacity building initiatives in the security field. For example, activities by the Dayton Team, EUPOL COPPS, and within the Berlin Conference, have played a central role in this process.

Capacity building in the security field is a gradual process, which will take time to bring far-reaching, long-term results. Furthermore, there is still room for improvement and augmented activity in this area by the Palestinians (including in counter-terrorism, law and order, the prevention cycle and internal coordination).

Unfortunately, despite positive developments in this area, Israel still continues to face security threats that require preventative measures. The ease with which terrorist activity can torpedo progress on the ground still makes it necessary for Israel to take steps to deter and prevent terrorism.

### SECURITY THREATS IN THE WEST BANK

Terrorist organizations in the West Bank continue to attempt to attack Israeli citizens, and remain active in planning, preparing and attempting to execute terrorist attacks. Despite a relative decline in the number of terrorist attacks that carried out their aim in 2008 and the first half of 2009, attempted attacks continue, and there are still clear indications and alerts regarding motivation and intent to carry out attacks and kidnaps. These attempts were carried out in all potential forms and on all fronts, particularly by Hamas.

Outside funds have been transferred to bankroll terrorist activities in the West Bank, primarily from Hamas abroad and in the Gaza Strip. The sources of these funds are charities throughout the world, money laundering and bank transfers.

Since the beginning of 2008, preventative operations by Israel's security forces have succeeded in averting many attempted terrorist attacks. On the evening of March 21, 2009, a huge disaster was averted in Haifa, when the Israel Police Force (IPF) succeeded in neutralizing a vehicle loaded with explosives before it detonated. It was reported that in 2008, 92 suicide

and kidnapping attacks were prevented, and six explosives labs were uncovered in Hebron, in addition to four vests loaded with explosives. A total of 68 terrorists, who were identified as potential perpetrators of suicide attacks, were arrested in 2008. Furthermore, a number of attempted stabbing attacks at crossings, by terrorists acting alone, were intercepted successfully in the beginning of 2009. An attempted illegal arms shipment was also intercepted during that period.

However, these preventative operations failed to bring terrorist activity to a halt. Unfortunately, in 2008 a number of attacks succeeded in their deadly goal. **Terrorist attacks in 2008 led to a total of 17 casualties and 219 injuries. During the period between January 1 and June 30, 2009, 434 terrorist attacks were committed, leading to 4 deaths and 26 wounded.**<sup>28</sup>

Counter-terrorism steps taken by the Palestinian Security Forces thus far remain insufficient. Failure to remove activists from the ground in the long term enables quick rehabilitation of Hamas civil and military infrastructures. Another limitation is the lack of legislation prohibiting Hamas. More needs to be done to uproot these activities, and their damaging potential outcomes, at the source. Efforts must be intensified and made more consistent and effective, including prosecution of suspected terrorists, incarceration of convicted terrorists, confiscation of weapons, and more.

In addition to the aforementioned activities, in order to ensure security, there is a critical need to address a number of shortcomings in the PA infrastructure which continue to hinder its ability to combat terrorism independently. For example, the civil justice system still does not function satisfactorily and there is insufficient prison space.

## BUILDING CAPACITY OF PA SECURITY AUTHORITIES

### IDF-PSF COORDINATION

Israel has adopted a series of steps intended to improve the security capacity of the PSF.

A significant increase can be demonstrated in the number of steps taken to facilitate PSF operations, including authorization for 24/7 operations in Qalkilya, Jericho, Bethlehem and Ramallah. Additionally, a mechanism for enhanced coordination has also been established between the two sides. Thanks to this mechanism, priority requests are now processed within just a few minutes.

There has been a sharp increase in the number of meetings between the sides, including regular meetings with senior-level participants. These meetings help build trust between Israeli and Palestinian security officers, and tighten bilateral cooperation in this area.

### COORDINATION WITH THE INTERNATIONAL COMMUNITY

Israel is committed to helping efforts by the international community to build Palestinian security capacity (Gen. Dayton's team and the EU POL COPPS). Israel regards the Dayton team as an essential, effective force, which is making strides in capacity building in the security field. The IDF continues to work closely with Gen. Dayton's team, to assist and facilitate their work to

<sup>28</sup> Source: Israel Security Agency

organize, train and upgrade the National Security Forces (NSF) battalions. Steps have been taken to facilitate requests by Dayton's team, including with relation to equipment and infrastructure (jails, training camps and police stations – since January 2008, 23 police stations have been opened, and additional stations were approved – at present more than 50 stations are operational in rural areas).

Israel has cooperated closely with the European Union Police Mission in the Palestinian Territories (EUPOL COPPS). The EUPOL COPPS project first focused on the Palestinian police force, and it now includes capacity building in the Palestinian legal system, within efforts to establish law and order (see Chapter 3 on the Civil Sector, above).

## **BERLIN CONFERENCE**

The Berlin Conference in Support of Palestinian Civil Security and the Rule of Law, held on June 24, 2008, marked the commencement of an international process of building the capacity of the Palestinian civil security sector. Israel participated in this Conference, and plays an active role in promoting the steps decided upon by the international community within this Conference.

These steps include the establishment of a Four Party Focal Points Group, aimed at monitoring donations from donor countries in the area of security and the rule of law, and dealing with issues and problems arising in this area, as well as monitoring and assisting implementation of the Conference objectives. The Palestinian Authority, Israel, the European Union and the United States are represented in this group. It has been agreed that the group will meet regularly, and all four parties will be invited.

On March 15, 2009, Israeli Government representatives participated in a Focal Points Group meeting, alongside representatives from the Palestinian Security Forces, the United States, and the European Union. At the March 15 meeting, Israel expressed willingness to work together with Focal Points Group members in order to examine solutions to the obstacles the security sector faces. Implementation of the Palestinian Justice Sector Strategy, presented at the Berlin Conference, was also discussed.

**Israel is disappointed that no further meetings have been held.**

# Chapter Five

## Facilitation of Humanitarian Assistance to Gaza

Since the brutal takeover of the Gaza Strip by Hamas in June 2007, Gaza has been controlled by an Islamic terrorist organization which refuses to recognize the existence of Israel. The Hamas regime in Gaza is not recognized by the international community as a legitimate government of the Palestinian people, as this regime refuses to accept the three conditions set forth by the Quartet: recognition of Israel, cessation of terrorism, acceptance of the agreements previously accepted between the sides.

The Hamas regime has consistently waged terrorist attacks against Israeli citizens and territory, as well as continuous attacks on the crossings to Gaza, which serve as the main channel for providing all civilian needs. A "tunnel industry" flourishes in the Gaza Strip, enabling Hamas to illegally smuggle weapons and explosives to be used against Israeli civilians and territory, as well as commercial goods.

Israel disengaged from the Gaza Strip in August 2005, evacuating all of its citizens and military forces from the area. On June 25, 2006, two Israeli soldiers were killed and Israeli soldier [Gilad Shalit](#) was kidnapped to the Gaza Strip. Shalit is believed to be held in inhumane conditions, his welfare and whereabouts remain unknown, and Hamas has refused to allow visits by family members, representatives of the Israeli Government, or international organizations such as the ICRC. Despite unrelenting efforts by the Government of Israel and the international community to bring about his release, Shalit remains in captivity to this day.

Following eight years of terrorist attacks against Israeli citizens emanating from the Gaza Strip, at the end of 2008 and the beginning of 2009, Israel conducted a three-week operation, Operation Cast Lead. An in-depth presentation of factual and legal aspects of this Operation can be found on the website of Israel's Ministry of Foreign Affairs:

*[http://www.mfa.gov.il/MFA/Terrorism+Obstacle+to+Peace/Terrorism+and+Islamic+Fundamentalism-/Operation\\_in\\_Gaza-Factual\\_and\\_Legal\\_Aspects.htm](http://www.mfa.gov.il/MFA/Terrorism+Obstacle+to+Peace/Terrorism+and+Islamic+Fundamentalism-/Operation_in_Gaza-Factual_and_Legal_Aspects.htm)*

### **Amount and Types of Humanitarian Aid - First Half of 2009**

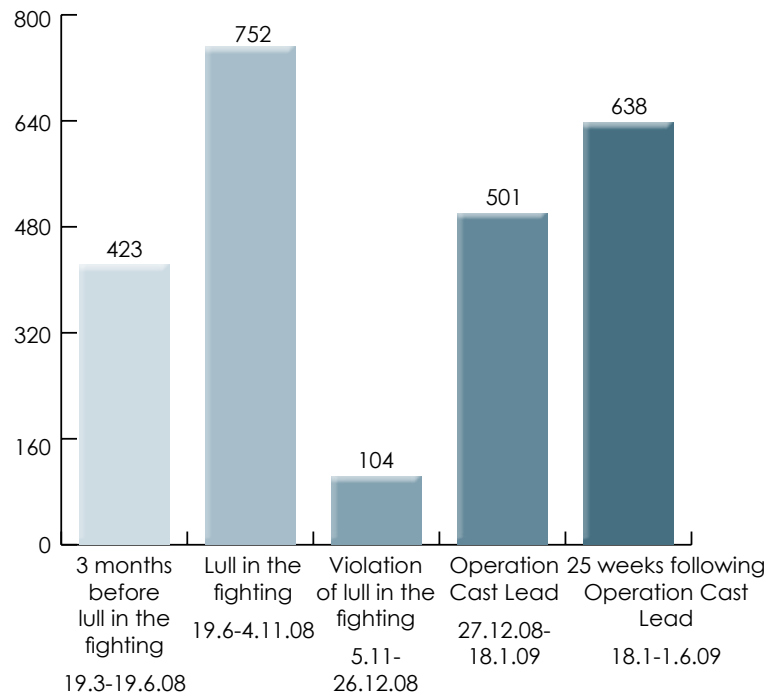
During the Operation and from its completion to the present, Israel has enabled the maintenance and transfer of humanitarian aid and supplies to the Gaza Strip by the private sector and the international community.

During the first half of 2009, large volumes of humanitarian supplies consistently entered Gaza, as follows:

From January to June 2009, 17,050 truckloads entered the Gaza Strip – an increase of 53% compared to the equivalent period in 2008 (11,172 truckloads). During this period the international community transferred 111,391.3 tons (5,779 truckloads) of aid into the Gaza Strip. The private sector transferred 358,644.5 tons (13,770 truckloads) of merchandise into the Strip.

## Chart 5.1

Weekly Average - Number of Humanitarian Aid Shipments – 2008 to H1 2009



## Guaranteeing Humanitarian Conditions

Israel assures that humanitarian conditions are met in different sectors, as follows:

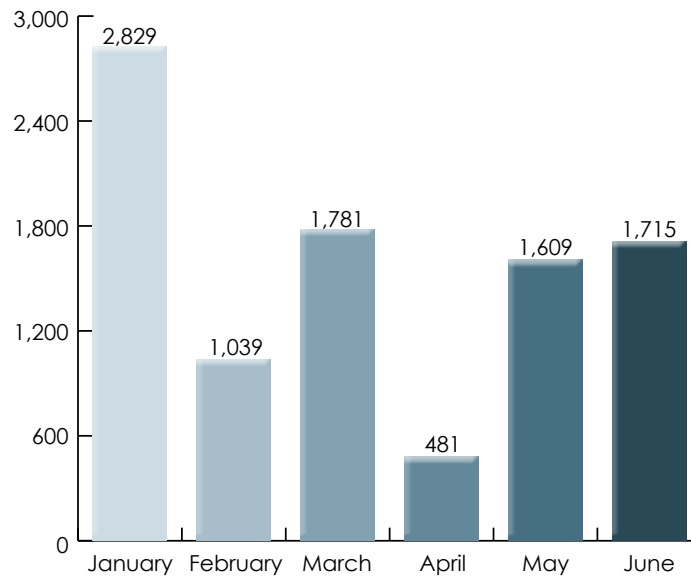
**Cooking Gas** - In the first half of 2009, 23,881 tons of cooking gas entered the Gaza Strip. It should be noted that the PA bears sole responsibility for the coordination of the purchase of cooking gas for the Gaza Strip and the amounts of gas ordered. Israel does not impose any limits on the amounts of cooking gas entering the Gaza Strip – this matter is determined by the PA with private fuel companies.

**Fuel** – Diesel fuel for the electricity power station was transferred consistently into Gaza during the Operation and the first half of 2009. Israel recently resumed facilitating the supply of gasoline for transportation purposes to Gaza based on orders placed by the Palestinians with private fuel companies, in accordance with rulings handed down by Israel's Supreme Court.

**Health** - Since 1994, the PA has full responsibility in the area of health and medical supplies. The PA bears responsibility for submitting requests regarding the exit of patients from the Strip for medical care in Israel, the West Bank or abroad, to COGAT. In H1 2009, 9,454 patients and companions left the Gaza Strip to seek medical treatment in Israel and the West Bank.

## Chart 5.2

Number of Patients Exiting the Gaza Strip for Medical Care in H1 2009



In the first half of 2009, 3,424 tons of medicine and medical equipment entered the Gaza Strip through Israeli crossings.

A Jordanian field hospital commenced operations on March 9, 2009. On a monthly basis, between four and ten truckloads arrive from Jordan, transporting medical supplies to support the field hospital's operations. In addition, hospital medical personnel are reshuffled on a monthly basis. Israel facilitates the smooth and speedy travel of these medical team members in and out of Gaza, as well as the transfer of the aforementioned medical supplies.

### Transfer of Cash<sup>29</sup>

Israel enables the transfer of NIS 50 million shekels into Gaza each month. Israel also enables the transfer of USD 13.5 million into Gaza, to cover salaries of UNRWA employees. Since the beginning of 2009, Israel has enabled the transfer of NIS 873.6 million to Gaza. In addition, worn out banknotes amounting to NIS 60.6 million were transferred into Gaza.

### Infrastructure Facilities

Coordination and processing of requests regarding humanitarian infrastructure, such as water, sewage and electricity systems, in the Gaza Strip is conducted between COGAT and the PA (the CMWU – Coastal Municipalities Water Utility – and the Palestinian Energy Authority). **In the first half of 2009, 164 truckloads of essential humanitarian infrastructure equipment were coordinated as above, and entered the Gaza Strip.**

Israel is currently conducting a dialogue with the UN Secretary Special Envoy Robert Serry regarding a list of requested infrastructure humanitarian projects, mainly in the fields of water and sewage. Two proposed projects, in Dir el Balach and Tel Sultan, have reached advanced stages and will be considered as pilots for the monitoring mechanism which is meant to assure that all the necessary materials and equipment reach their intended goal and destination.

<sup>29</sup> Source: COGAT

Infrastructure needs have been met in the following areas:

- » **Water and sewage** – The Palestinian Water Authority continues to be responsible for water and sewage systems throughout the Gaza Strip. Repair of the main water and sewage lines has been completed, except for nine water wells. **During the first half of 2009, 87 trucks carrying water and sewage infrastructure equipment supplied by the Palestinians entered the Gaza Strip.**

Implementation of the North Sewage Treatment Facility Project is currently underway. The first phase of this project has already been completed, and nine oxidation pools have commenced operations. **Israel has approved the transfer of equipment for the second stage of the project**, and the World Bank is expected to conduct a tender for the second stage. **All the requested equipment has been given clearance to enter the Gaza Strip.** Since January 2009, 9 trucks carrying equipment for the project have entered the Gaza Strip (see photos below).



Photos by the Palestinian Water Authority (06/08/09)

Source: COGAT

- » **Communications** – At present, all communication networks are in order. Since January 2009, 28 truckloads of maintenance equipment specifically for the communication networks have entered the Gaza Strip.
- » **Electricity** - Electricity supply to the Gaza Strip is now at 100% of its current capacity. All power lines from Israel and Egypt are operational and the Gaza Strip's power station supplies 60 MW. In the first half of 2009, 31 trucks carrying electrical infrastructure equipment entered the Gaza Strip.

Since April 2009, maintenance works are being conducted on the Gaza Strip power station by the Siemens Company. Within this framework, maintenance work was conducted in Israel on a turbine engine, a generator engine and additional parts. Nine trucks carrying maintenance equipment specific to the power station have entered the Gaza Strip.

#### **Electricity Equipment Leaving the Gaza Strip for Repair in Israel:**



Photos by COGAT (May 2009)

Israel, the PA and the international community share the will to assure that all assistance shipped into Gaza reaches its destination. **Israel supports the establishment of a monitoring mechanism, operating according to international standards, in order to monitor any future flow of cash, materials and equipment into Gaza**, and is currently holding discussions with the PA, the USA, the EU and others, in order to reach agreement on the implementation of such a mechanism.

Meanwhile, Israeli soldier Gilad Shalit remains in captivity for more than three years.





State of Israel

New York, September 22, 2009