



State of Israel

Measures Taken by Israel in Support of Developing the Palestinian Economy, the Socio-Economic Structure, and the Security Reforms

**Report of the Government of Israel to
the Ad Hoc Liaison Committee (AHLC)**

Madrid, April 13, 2010

Introduction

As stated by Prime Minister Netanyahu in July 2009, Israel is committed to a two state solution which will be achieved through a negotiable bilateral agreement. Israel considers the development of the Palestinian economy a challenge shared by Israel, the Palestinian Authority, and the international community.

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 and supports efforts by the international community to promote Palestinian development.

This Report presents a series of steps and actions undertaken by Israel during 2009 and the beginning of 2010, which were intended to promote and substantially improve the West Bank's economy, alongside building security and other capacities. These measures were 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 facilitate efforts by the international community to meet humanitarian needs. Israel acts 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 thousands of Israel citizens. As of the publication of this Report, **Israeli soldier Gilad Shalit remains in captivity, and has been held by Hamas for almost 4 years.**

This Report provides an overview of Israeli measures related to the main sectors listed below:

- ❑ Chapter One provides an overview of **economic** growth in the West Bank, Israeli efforts to boost the West Bank's economy and to enhance infrastructure projects.
- ❑ Chapter Two describes steps taken by Israel in order to facilitate and **ease access and movement** in the West Bank.

- ❑ Chapter Three outlines **bilateral cooperation between the governments of Israel and the PA**, including the operations of bilateral Israeli-Palestinian committees that convened during the period covered by the Report.
- ❑ Chapter Four presents the **security challenges** in the west bank and information on Israeli and international capacity building efforts in the **security sector and the legal system**.
- ❑ 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 2009, the West Bank enjoyed a significant economic recovery, with economic growth reaching an unprecedented 8%. This growth rate demonstrated a continuation of positive trends reported in 2008. Macroeconomic conditions in the West Bank have improved during 2009, mainly thanks to measures taken by Israel to support economic activity, improvements in the security situation in the West Bank, the continued financial support of the international community to the Palestinian Authority and increased foreign investment.

This relative economic growth and an improved quality of life are reflected in flourishing economic, cultural and social activities, including: the opening of a shopping mall and a cinema complex in Nablus; the construction of hotels; breaking ground on the "**Rawabi**" 800 Million Dollar city project¹, which will be home for 5,000 housing units; the commencement of operations of the second Palestinian cell phone operator, "**Wataniya**", with more than 100,000 subscribers; the beginning of construction activities on the site of the **Bethlehem Industrial Zone**, designed for small industries such as tourism, furniture, artisan work, electronics and the like (funded jointly by France and the PA); and more.

In addition to the above, according to official Palestinian sources, since 2008, **foreign investment in the West Bank has increased by 600%**², inter alia as a result of economic conferences held in Bethlehem and Nablus and the improved security situation on the ground.

¹Bashar el Masri, meeting with Israeli Businessmen on January 28.2010. He estimated the total investment in the project at 1.5 billion dollars.

² Statement by Palestinian delegation to the Joint Economic Committee, meeting held on September 2, 2009.

The following indicators reflect the growth of economic activity:

- ❑ Total West Bank trade (including with Israel) **grew by 2.75%** in 2009, in comparison with 2008, reaching 19,310 million NIS in 2009 compared to 18,794 in 2008.³
- ❑ Palestinian imports from the world (not including Israel) registered an **increase of 25%** in 2009, in comparison with 2008.⁴
- ❑ The **Consumer Price Index increased by 7%**.
- ❑ In 2009, **the GDP increased by 6.7%** in comparison with the previous year, reaching 5,147.2 million USD compared with 4,820.9 USD in the previous year.⁵
- ❑ In 2009, **the GDP per capita increased by approximately 3.6%**, reaching 1,389 USD, compared to 1,340 USD in 2008.
- ❑ The al-Quds Index increased by 11.8% in 2009.⁶
- ❑ **Tax revenues collected by Israel are transferred to the Palestinian Authority, on a monthly basis.** In 2009, **Israel transferred 4,372 million NIS to the Palestinian Authority** (after deduction of payments owed by the Palestinians), **an increase of 12%** compared to 2008, when 3,918 million NIS was transferred. This increase is another indicator of growth in PA economic activity.⁷
- ❑ 2009 witnessed an increase in the **numbers of trucks delivering goods from the West Bank to Israel**, in comparison with 2008. This figure **increased by 52%**, rising from 200,399 trucks in 2008 to 303,991 in 2009. Figures for January and February 2010 were 21,210 and 23,207, respectively.⁸
- ❑ The volume of trade between Israel and the PA remained relatively stable, amounting to 15.1 billion NIS in 2008 and 15 billion NIS in 2009.

³ Data from Israel Tax Authority

⁴ Data from Israel Tax Authority

⁵ Source: Cogat

⁶ Source: Cogat

⁷ Source: Ministry of Finance

⁸ Source: The Crossings Management Authority

- ❑ The combined figure for **trucks delivering goods from the West Bank, including the Allenby Bridge**, indicates a **29% increase**, from approximately 363,000 trucks in 2008 to approximately 469,000 trucks in 2009.⁹
- ❑ At crossings around Jerusalem, in 2009 there was a **29% increase in the volume of vehicular traffic** in comparison to 2008, from 1,485,529 to 1,920,529. **The numbers of pedestrians crossing increased by 10%**, from 12,714,632 to 13,970,712.¹⁰
- ❑ At crossings managed by the Crossings Management Authority¹¹ a **57% increase was recorded in the number of entries of Palestinian pedestrians into Israel**, reaching 6,825,247 in 2009, compared to 4,340,362 in 2008. Figures for January and February 2010 were 542,264 and 425,207, respectively.¹²
- ❑ In 2009, there was a 6% increase in the import of diesel fuel to the West Bank, a **22% increase in the import of gasoline**, and a **25% increase in the import of cement**. A **significant 49.5% rise in automobile imports** into the West Bank was also recorded.¹³
- ❑ There is an increase in new real estate projects, both residential and commercial.¹⁴

The above indicators point to a significant growth in economic and commercial activity as well as a substantial improvement of access and movement in the West Bank, as described in Chapter 2 below.

⁹ Source: Cogat

¹⁰ Source: Israeli Police

¹¹ Most of the crossings, not including the Jerusalem area

¹² Source: Crossing Management Authority

¹³ Source: cogat

¹⁴ Source: Cogat

Employment

Many economic sectors contributed to the abovementioned acceleration in economic activity. In the employment sector, indicators point to a slight improvement in 2009, with the **ratio of the work force within the total population reaching 43.8%**, compared to 43% in 2008. **The unemployment rate in the Palestinian Territories (including Gaza) decreased from 26% in 2008 to 24.5% in 2009. Unemployment in the West Bank decreased by 1.2% from 19% in 2008 to 17.8% in 2009** (A 1.8% decrease is also reported in Gaza).¹⁵

Tourism¹⁶

After the significant growth in tourism during 2008, data regarding 2009 point to a reversal in this trend (a decrease of 18% with respect to tourists visiting Bethlehem, and 27% with respect to tourists visiting Jericho), apparently due to the impact of the global economic crisis on global tourism. However, in January 2010 a recovery was recorded in the number of tourists visiting the West Bank, **and figures for the month of January 2010 are higher than figures for previous years: external tourism to Jericho amounted to 38,740**, compared to 20,318 in January 2009 and 26,050 in January 2008. **External tourism to Bethlehem during this period amounted to 66,000**, compared to 28,273 in January 2009 and 56,587 in January 2008¹⁷

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).¹⁸

¹⁵ Data from Palestinian Central Bureau of Statistics

¹⁶ Source: COGAT

¹⁷ Source: COGAT

¹⁸ For further information, see section below on Joint Tourism Subcommittee

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 removing 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.**"¹⁹

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.

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

External Palestinian Trade through the Allenby Bridge²⁰

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, so that it is now open from 8:00 until 24:00. The pilot was launched for an initial period ending in February 2010, and **Israel has recently decided to extend the pilot until the end of summer 2010.**

¹⁹

http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2009/PM_Netanyahu_conference_call_to_Conference_of_Presidents_21-Jul-2009

It should be noted that in addition to export-import via Allenby Bridge, there is ongoing import-export of goods via the commercial crossings to Israel and the Israeli ports.²⁰

According to official Palestinian sources, by September 2009, the extension of the bridge's operating hours had already saved the Palestinian economy between 50 and 100 million NIS.²¹

Data regarding the movement of commercial goods and passengers in 2008 and 2009 indicate a slight decrease in activity. In 2009, 1,481,757 passengers passed through the Allenby Bridge, compared to 1,501,474 in 2008 (a decrease of 1.3%). Similarly, in 2009 there was a slight decrease in the volume of commercial goods passing through the bridge, amounting to 13,168 shipments, in comparison to 13,745 in 2008 (a decrease of 4.2%). The numbers of vehicles passing through the crossing follows this pattern, reaching 9,444 in 2009, compared to 9,890 in 2008 (a decrease of 4.5%).²² In 2009, there was a 27.24% increase in the import of vehicles through Allenby Bridge, compared to 2008.

Employment in Israel and by Israeli Businesses in the West Bank

In 2009, there was a 5.4% increase in the number of Palestinian workers employed in Israel and by Israeli employers in the West Bank, in comparison to 2008. The number of Palestinians employed reached approximately 48,400.²³ The aforementioned increase is 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).

Israeli Measures to Facilitate Palestinian Business Activity

A number of measures have been implemented by Israel in order to help facilitate increased Palestinian business activity. These measures are designed to enable greater access for businessmen who generate significant income, and include:²⁴

- Thus far, 456 Businessman Cards have been issued for 2010. In December 2009 a total of 417 Businessman Cards were issued. The total potential number of holders is 1,500. More than 12,000 permits for merchants have also been issued

²¹ Joint Economic Committee meeting, September 2, 2009.

²² Source: Israel Airports Authority

²³ Not including illegal employment. Source: COGAT.

²⁴ Source: COGAT

for senior merchants registered with the Palestinian Chamber of Commerce; with the potential number of permits reaching 15,000. 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.

²⁵

- ❑ Removal of roadblocks and checkpoints: Since 2008, the number of key checkpoints has been reduced from 41 to 14. Since April 2008, 357 obstacles (earth mounds, road blocks) have been removed. This January, ten roadblocks were removed on Route 60, the major North-South artery in the West Bank. Generally, **movement from North to South in the West Bank is now smooth, with only a few checkpoints along the way, operated as normally open.**

Israeli Measures to increase activity at the commercial crossings

In 2009, Israel made intensive efforts to upgrade and improve the capacity of the **commercial crossings** as follows:

- ❑ Increasing the hours when the **Allenby Bridge** Terminal is open for the passage of goods and pedestrians (a pilot recently extended until the end of summer 2010 – see above).
- ❑ In 2009, **20 million NIS was invested in upgrading the commercial crossings between Israel and the West Bank**, in order to improve the capacity of these crossings to manage the movement of trucks and pedestrians speedily and efficiently.
- ❑ Extension of the operating hours of the **Tarkumiya** crossing - the crossing is now open from 6:00 until 19:00 (instead of 7:30 until 17:00, as previously). This enables Palestinian merchants to increase the number of daily shipments to Israeli sea ports and markets.

²⁵ Source: COGAT

- ❑ Implementing measures to enable the shipment of containers through commercial crossings - in 2009, the number of containers transferred between the West Bank and Israel was as follows: 25,058 containers through Tarkumiya and 20,802 through Shaar Ephraim. The volume of trade from Nablus to the Shaar Ephraim Crossing has doubled.
- ❑ Upgrading the **Gilboa-Jalameh** crossing point in the northern part of the West Bank to enable vehicular traffic (as of October 13, 2009, sponsored by USAID). The impact of this step is already being felt: **since the crossing point was opened to vehicles, the economy of Jenin has grown by 30-35%**. About 1500 cars enter the West Bank through this crossing point every weekend. The average purchasing group passing through the crossing comprises four passengers, spends an average of 855 NIS during its visit, and is expected to visit Jenin 28 times a year. This constitutes a 10% increase in the volume of purchases per group during each visit, and a doubling of the numbers of visits. The impact of the opening of the crossing is reflected in **an increase in trade, amounting to \$300,000 a week**. 80% of merchants have reported an increase, and Israeli Arabs constitute a quarter of buyers in Jenin, while their purchases account for 30% of purchases. This also leads to an increase in the goods offered, and an increase in advertising and employment.²⁶
- ❑ The upgrading of several major commercial crossings is **planned for 2010**: the Shaar Efrayim and Gilboa crossings are expected to be enlarged at an estimated cost of 8 million USD; fueling stations are expected to be built at the Tarkumiya and Shaar Efrayim crossings.

Additional Israeli Measures

Alongside steps to upgrade commercial crossings, Israel took a number of additional steps to boost the West Bank economy:

²⁶ Data based on USAID report+COGAT+Crossing Management Authority

- ❑ Israel is acting to assist the French initiative to establish an **industrial zone in Bethlehem**, and is acting in full cooperation with the French President's envoy to move the project forward.
- ❑ Israel maintains close working ties with the **Quartet's Envoy, Tony Blair**, and supports efforts by his team to promote economic projects and other measures in support of economic activity, such as the Rawabi City project, to which Israel gives its full support.
- ❑ In 2009, Israel approved the frequencies for the second Palestinian cell phone operator, "**Watania**", which already has **more than 100,000 subscribers**.
- ❑ Israel welcomed a number of **Palestinian economic conferences and business events** that took place in the West Bank during 2009. Following its full support for the Bethlehem conference on May 2008, Israel is willing to offer similar support to the next conference, planned for June 2010, and wishes it success.

Israeli Efforts to Support Infrastructure Projects²⁷

A number of infrastructure projects are currently in different stages of implementation in the West Bank. These projects will help improve the standard of living for the local population. The following is a brief description of some of the main projects in this area:

- ❑ North West Bank (Zahrat al-Finjan) Waste Disposal Site – within this project, which has already been completed, a waste disposal site was constructed to serve inhabitants of Jenin, Tulkarem, Qalqilya and Nablus, enabling the closure of 90 pirate sites. The project was funded by the World Bank, at a cost of approximately 10 million USD.
- ❑ Umm Reihan Sewage Project – this project aims to connect Umm Reihan village to the sewage system. The project is funded by Japan and the Peres Center for Peace. Thus far, five households in the village have been connected. The project is currently suspended due to budgetary problems.

²⁷ Source: COGAT

- ❑ Ramallah (Dir Debuan) Waste Disposal Site – within this project, a waste disposal site will be constructed near Ramallah. The project, funded by KFW, will cost approximately 15 million Euros. Project plans have been submitted to the Civil Administration for approval.
- ❑ South West Bank Waste Disposal Site - this project, funded by the World Bank at a cost of 20 million USD, will construct a waste disposal site for around 700,000 inhabitants in the areas of Bethlehem and Hebron. Project plans have been filed submitted after receiving the approval of the environmental subcommittee. Work on the project is expected to commence in 2011.
- ❑ Nablus Waste Water Treatment Plant – within this project, a waste water treatment plant to serve Nablus and the surrounding areas will be constructed, at an estimated cost of 25 million Euros, funded by KFW. A building permit was issued in 2001, but has not yet been utilized. Construction is expected to begin in June 2010.
- ❑ Tulkarem Waste Water Treatment Plant - within this project, a waste water treatment plant will be constructed to serve Nablus and Tulkarem, at an estimated cost of 20 million Euros, funded by KFW. The project was approved by the Joint Water Committee in 2005, but the Palestinians have not yet submitted the necessary documentation for implementation.
- ❑ Salfit Waste Water Treatment Plant - a waste water treatment plant will be constructed to serve Salfit and the surrounding areas, funded by KFW. The project is currently stalled, due to matters between the Palestinians and KFW.
- ❑ Beitounia Waste Water Treatment Plant – two waste water treatment plants will be constructed to serve 400,000 residents in Beitounia, and part of Ramallah. The project is funded by KFW, at an estimated cost of 20 million Euros. The project was approved by the Joint Water Committee in 2006, but project plans have not yet been submitted.

- ❑ In 2009, 16 roads were upgraded in the West Bank, and approval has been given for the upgrading of an additional 26 roads. In January and February 2010, two roads were upgraded.
- ❑ In 2009, 10 schools were constructed, financed by USAID. Construction of an additional four schools has been approved.
- ❑ In 2009, seven villages were connected to the electricity network, and the electricity supply to two villages was increased.
- ❑ In the Jenin area, 11 villages have been connected to running water, within a project funded by Japan.
- ❑ Upgrading of local water and sanitation infrastructure is currently underway, funded by ANERA at an estimated cost of 17 million USD.
- ❑ A project to connect ten villages in the Nablus area to the water network has been approved by the Joint Water Committee. The project is to be funded by the US at an estimated cost of 3.7 million USD.
- ❑ The water infrastructure in Nablus has been upgraded.
- ❑ Construction of a local municipal authority building in Jiftlik has been approved.
- ❑ 100 greenhouses were constructed in Jenin, funded by USAID.

The Israeli Civil Administration Water Department has a clear mission to oversee and promote the development of the water sector in Area C of the West Bank. The department has made a substantial impact and contributes greatly to the advancement of water infrastructure projects that serve the needs of a diverse number of Israeli and Palestinian communities. The permits that are issued help facilitate the construction of pipe-lines, trunk lines, wells, and other water infrastructural components. The Water Department works closely with the Palestinian Water Authority and international organizations that often fund such water related projects. The Water Affairs Office has seen significant progress in the water sector and its impact on local communities.

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 substations 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.

Chapter Two

Supporting the Palestinian Economy - 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 today²⁸, and has removed hundreds of roadblocks**, taking calculated risks. Since September 2009 (the last AHLC meeting), 210 roadblocks have been removed throughout the West Bank.

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.²⁹ These steps demonstrate Israel's commitment to supporting Palestinian economic growth. As stated by PM 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."³⁰

²⁸ In June 2009, Israel removed five central checkpoints: in Jericho, Kalkilya and Bir Zeit, as well as a checkpoint connecting Kalkilya, Jenin and Tulkarem with Nablus, and a checkpoint enabling unhindered access from Jericho and the Northern parts of the West Bank to Ramallah.

²⁹ See details in next chapter

³⁰

http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2009/PM_Netanyahu_addresses_National_Defense_College_graduates_28-Jul-2009

As a result of these Israeli measures, movement between the different areas within the West Bank is now smoother and quicker. Palestinian individuals and vehicles 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). The improvement on the ground is well reflected by different economic indicators, as reported in the previous chapter.

Measures Facilitating Access and Movement³¹

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

- ❑ On Fridays, thousands of Palestinians enter the Temple Mount for prayer.
- ❑ VIP Cards – Based on a list provided by the PA Civil Affairs Ministry, Israel has issued 177 VIP cards (levels 1 and 2) for 2010.
- ❑ 332 cards facilitating the movement of senior public officials were issued in the West Bank.
- ❑ Approval for Israeli Arabs to enter all West Bank cities
- ❑ A 19% increase in the number of Palestinian patients receiving treatment in hospitals in Israel.
- ❑ Extension of length of permits for international organization staff, and family members who visit detainees, from three months (previously) to six months.
- ❑ Use of a special stamp authorizing medical teams to pass through the crossings surrounding Jerusalem, with no need for a permit.
- ❑ Authorization for chronically ill Palestinians to pass through the crossings surrounding Jerusalem in vehicles.
- ❑ In addition to the measures mentioned above to extend the operating hours at the Allenby Crossing, and at the Tarkumiya crossing, hours at the Shaar Efrayim crossing have also been extended (the crossing is now open from 4:00 until 19:00).
- ❑ As mentioned above, the Jalame crossing now has the capacity to enable the crossing of vehicles.³²

³¹ Source: COGAT

³² See above in the previous chapter

Chapter Three

Building Bridges between Governments

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 and civil society, and enhancing cooperation.

This chapter provides information on bilateral cooperation between Israel and the Palestinians in 2009 and the beginning of 2010, in the civil field³³.

BILATERAL ECONOMIC COOPERATION

Economic relations between Israel and the PA 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.

³³ 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 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 2009 and the beginning of 2010, including committees in the areas of economics, law, tourism, agriculture, health, communications, water, welfare, and project implementation.

The operations of a number of these committees are outlined below:

JOINT ECONOMIC COMMITTEE³⁴ - 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 reconvening in 2007 the Committee has once again provided a platform to discuss a wide range of issues, including inter alia: investments, the operation of crossings, Palestinian workers in Israel, transfer of cash to Gaza, and resolving obstacles to economic development.

On September 2, 2009, the Joint Economic Committee convened for the first time at ministerial level, chaired by Israel's Deputy Prime Minister and Minister for Regional Cooperation, and the Palestinian Minister of Economy. This was the Committee's eighth meeting (its second in 2009) 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 Israeli-Palestinian economic relations.

Unfortunately, there have not been additional committee meetings since September 2009. Israel considers the Joint Economic Committee

an important vehicle for solving problems and enhancing economic activities and hopes that it will resume meetings with no further delay.

[Joint Legal Committee](#) - 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 several times a year.

The Committee has met five times since resuming operations in August 2008. **In 2009, the Committee held two meetings, in June and December. The Committee's last meeting was held on March 22, 2010.**

[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 includes two active subcommittees, on Regional Veterinary Issues and on Protection of Plants. In 2009, the Subcommittee on Veterinary Issues met four times, and the Subcommittee on Protection of Plants met three times.

On February 11, 2010, a meeting was held between the ministers of agriculture of Israel and the PA, in which they reached agreement on a number of issues, inter alia regarding: alternatives for dual use fertilizers, cooperation regarding biological fertilizers, and inclusion of the PA in an Israeli exercise on dealing with Avian Flu. The sides also agreed in principle regarding the entry of certain Palestinian food products to Israel subject to Palestinian quality control capabilities.

[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 and one on December 2009.

[Joint Transportation Committee](#) – Headed by the directors general of the ministries of transportation of Israel and the PA. A regional subcommittee held two meetings in 2009.

[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 in 2009. The committee's discussions dealt inter

alia with establishing the second Palestinian cellular operator, Al-Watania.

[A Joint Subcommittee for Postal Services](#) - Established in 2009. The Subcommittee's first meeting was convened on June 28, 2009 at the level of directors general. An additional meeting was held on October 20, 2009.

[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 three meetings in 2009. The Committee's last meeting was on September 17, 2009. On February 7, 2010 an additional meeting was held on water issues between professionals from both sides. Subcommittees meet regularly, most recently in March 2010. The chairs of the committee coordinate and consult closely on an ongoing basis. Sewage projects still need to be promoted, in order to meet needs on the ground.

[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 2009, the Committee held four meetings, and two meetings in January and February 2010.

[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.

[FISCAL COOPERATION³⁵](#)

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 the PA Ministry of Finance by Israel's Ministry of Finance, which has been carried out on a **consistent monthly basis** since July 2007. Between this date and the end of 2009, approximately 12.2 billion NIS in tax revenues was credited to the Palestinians³⁶. These revenues

³⁵ Source: Ministry of Finance

³⁶ Of this NIS 10.4 billion, approximately NIS 2 billion are taxes collected for the period of 2006-2007, which had not previously been transferred.

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, which 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. In 2009, Israel transferred to the Palestinian Authority (after the aforementioned deduction of payments) 4,372 million NIS compared with 3,918 million NIS in 2008. **This increased amount constitutes another indicator of growth in the Palestinian Authority's economic activity.**

Transfer of Tax Clearance Revenues (Million NIS)³⁷

Subject	2005	2006	2007	2008	2009
Import taxes	1,263	1,179	1,263	1,313	1, 523
Local taxes (V.A.T + purchase tax)	1,275	1,146	1,462	1,379	1,382
Excise	862	983	1,222	1,226	1,457
Total Taxes	3,400	3,308	3,947	3,918	4,372

Bilateral Cooperation between Banking Systems³⁸

During 2009, the Banking Supervision Department of the Bank of Israel arranged several meetings between representatives of Israel's banking system and representatives of the Palestinian banking system and the Palestinian Supervisor of Banks. The purpose of the meetings was to strengthen trust and cooperation between the commercial financial

³⁷ Source: Ministry of finance

³⁸ Source: Bank of Israel

entities. The Banking Supervision Department was involved in finding solutions for problems that arose from time to time in Palestinian banks, such as exchanging worn banknotes, and depositing and withdrawing surplus cash.

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

COOPERATION BETWEEN CUSTOMS AUTHORITIES³⁹

As set out in the Paris Protocol, in the customs field Israel and the PA 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 as that 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

³⁹ Source: Ministry of Finance

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:

[Capacity Building for the Palestinian Customs \(PACE\):](#)

The Israel Customs Department (ICD) supports capacity building efforts for its counterpart, the Palestinian Authority Customs and Excise (PACE), and views these efforts as an important element for PACE, and for the improvement of the future cooperation between the Customs administrations of both sides. The ICD considers itself an active partner and is prepared to assist PACE with professional capacity building. A number of joint ICD-PACE activities have been conducted, as follows:

[Joint Training Seminars for PACE Professionals in 2009:](#)

During the months of March and October 2009, seminars for PACE professionals (from the West Bank) were held. The seminars, which were funded by USAID, took place in different hotels in the Jerusalem area, with thirty to forty PACE participants in each seminar.

The subjects of the seminars included: classification, customs tariffs, and the customs clearance process. Leading experts in the customs field from ICD served as lecturers.

An additional joint study session was held, in order to familiarize PACE employees officials with structural changes in Israeli customs tariffs, upon the entry into force of the new agricultural agreement with the EU, in January 2010.

Additional joint study sessions are planned for the near future, on the following topics:

- ☐ Green taxation for vehicles
- ☐ Vehicle assessment
- ☐ Introduction to the importation entry.
- ☐ Customs procedures for postal packages

In addition, in accordance with a request made by PACE, ICD is considering the possibility of conducting **practical training sessions at the Israeli regional Customs stations at Allenby and Ashdod.**

Transfer of Deficits Collected from PA Importers and Electronic Transmission of Information on Deficits for Collection by PACE:

- ❑ Pursuant to the agreement in force, ICD transfers to the PA taxes collected for importation into Palestinian territories. ICD conducts professional audits of importation, after the goods have been released to importers, and in cases where inaccuracies are uncovered, deficits are collected from the importer. Since May 2008 ICD transfers to PACE, on a monthly basis following the clearance process, the deficits collected from its importers during professional audits, (approximately five million NIS a month).
- ❑ Concurrently, a computerized transmission is sent of the deficits set for Palestinian importers, which ICD was not able to collect, due to lack of accessibility to the PA territories. **This process, and the information forwarded, gives PACE the necessary tools to deal with the importers within its territories. The independent collection of deficits is an essential stage in the professional capacity building of PACE.**
- ❑ Furthermore, starting in February 2010, ICD gives PACE full responsibility for handling deficits from the importation of vehicles into the PA territories. This is being conducted as a pilot project for a period of three months.

Joint Israeli-Palestinian Computerized Interface and Coordination:

Within the framework of the two administrations, on-going meetings take place at the level of Director General of Customs and the tax authorities of the two sides as well as professional meetings at senior levels. Furthermore, an Israeli-Palestinian team was established for the coordination of procedures and computer interfaces. This team has met four times, with the goal of creating methods and interfaces which will allow PACE to transmit electronically the information stored in the importation entries of Palestinian importers. This provides PACE an extensive database for its customs control work and the establishment

of an infrastructure for macro-economic data. It is hoped that this will be completed no later than the beginning of 2011.

Another application which will be implemented in the near future, according to the request of PACE, is a computerized check at the time of transmission of the entry to Israel customs, that ensures that the importer does in fact exist and that he is registered with the Palestinian VAT authorities.

Cooperation with the Private Sector:

In 2009, two meetings between Palestinian business persons (importers and exporters) and Israeli representatives from Customs, the Foreign Ministry, COGAT and the Airport Authority, took place at the Allenby Bridge Land Border Crossing. These meetings were funded and supported by USAID. The meetings included a panel in which various issues and problems were raised concerning customs issues and operations. A field visit to the cargo section of the Crossing was conducted in which working procedures and various inspection methods were presented. After the field visits, two follow-up meetings took place in order to solve problems which were raised during the visit. The Land Border Directorate of ICD plans to initiative similar meetings at land crossings between Israel and the PA.

Joint Procedures for Releasing Goods to the PA with a Conditional Exemption

The release of goods from customs control under the various conditions of conditional exemption necessitates coordination and cooperation between the two administrations. Joint working procedures have been formulated by ICD and PACE, to facilitate several aspects of this process.

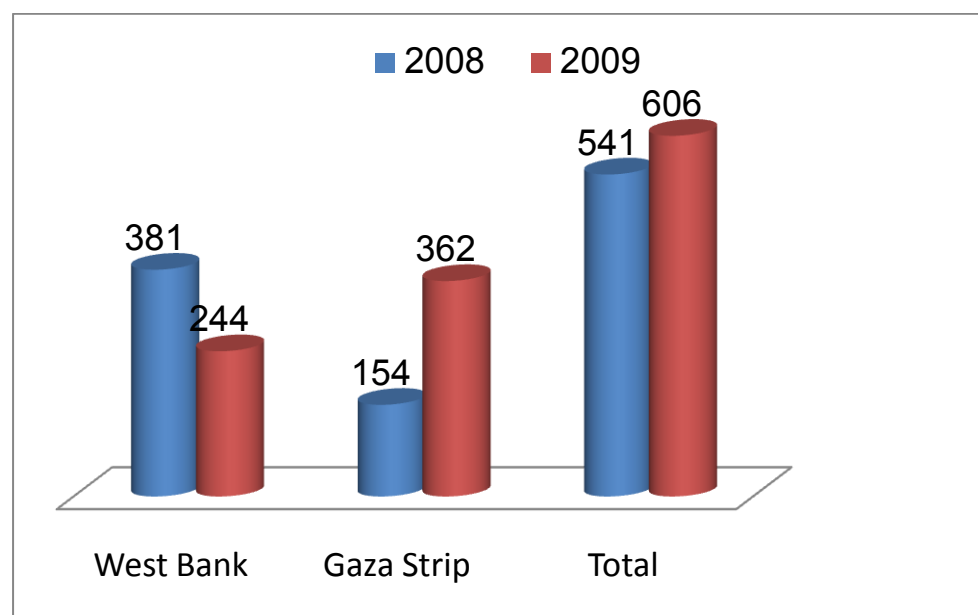
Clearance of Donations to the PA

In 2009, 606 donation shipments to the PA were cleared from Israeli regional customs stations (mainly Ashdod).

Fifty percent of the donation shipments were medicines and medical equipment, 19% were vehicles including cars, ambulances and trucks and 6% were food donations. **The overall number of donations for 2009 was 12% higher than in 2008.**

It should be noted that while in 2008 74% of the donations were intended for the West Bank and 26% were destined for Gaza, in 2009 this division between donations to the West Bank and Gaza reversed, as 59.7% of the donations were destined for Gaza and 40.5% for the West Bank.

The following chart outlines donations in 2008 and 2009:



Cooperation on VAT Matters

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.

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 meetings⁴⁰ and monthly clearance meetings⁴¹, in which the final amount to be transferred is determined.

⁴⁰ 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

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.

VAT Training

Representatives of the Palestinian Tax Authority contacted the Director General of the Israel Tax Authority with a request for professional training for VAT officials, similar to the aforementioned training courses given to Customs officials by ICD.

An 80 hour training course was prepared including three main topics:

1. VAT Law essentials
2. Accounts auditing for VAT
3. Bookkeeping Regulations

This training program was discussed and authorized by representatives of the Palestinian Tax Authority. The opening of the course will be coordinated between the sides.

Trade Facilitation for Large Israeli and Palestinian Dealers

In 1994, the sides agreed upon a Large Dealer Arrangement. During the first stage, this arrangement applied only to Israeli dealers and very large dealers which had frequent multiple transactions with dealers in the PA. This arrangement was meant to facilitate trade between the sides by waiving the use of VAT invoices while the goods are accompanied by a shipping certificate only. Clearance is conducted at the end of each month by presenting one centralized tax invoice for the sales of each month. At the request of the Palestinians, several years ago, three large Palestinian dealers were added to this arrangement. In May 2009, at the PA's request, it was decided to expand this arrangement further, to include an additional five Palestinian dealers.

verification purposes. In addition, procedures are determined to deal with various problems. The meeting is a preparatory meeting for the actual clearance meeting.

⁴¹ At the end of each month, a clearance meeting is held to determine the final amount to be transferred. Representatives from Israel and the PA participate in these meetings, in which serious matters are discussed, such as: The East Jerusalem Electric Company, tax receipts from Gaza following the closing of the crossings, and other matters requiring the involvement of senior decision-makers.

It should be noted that this arrangement is not included in the Economic Agreement between the State of Israel and the PA and is not legally binding. This arrangement allows the transfer of goods from PA territories using a shipping certificate instead of tax invoices as required by the Value Added Tax Law.

This arrangement benefits the PA authorities, since the clearance includes tax amounts exceeding 25 million NIS per month which are 20% of the amount of taxes from invoices requested by the Palestinians.

Chapter Four

Security Challenges and Capacity Building

INTRODUCTION

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

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 2009 and the beginning of 2010. 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.

The Israeli security network maintains close ties with General Dayton and is doing all that it can to assist the process of building the capabilities of the Palestinian Security Forces. Israel participates in a quadrilateral monitoring forum which convenes pursuant to the Berlin Conference and discusses subjects pertaining to the development of Palestinian capabilities in civil security as well as in the rule of law and the judicial system.

Unfortunately, security threats still require preventative measures. The ease with which terrorist activity can torpedo progress on the ground 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. **During the last few months there has been an alarming escalation in terrorist activity against Israeli targets in the West Bank and the Jerusalem area.**

In 2009, 646 terrorist attacks emanated from or were carried out in the West Bank, leading to five deaths (three victims were shot and two were attacked and stabbed to death). These attacks were carried out in all potential forms and on all fronts, particularly by Hamas.

Unfortunately, **the first few months of 2010 recorded a disturbing increase in terrorist activity. In the first two months of 2010, 87 terrorist attacks were carried out in the West Bank.** In February 2010, an Israeli citizen was stabbed to death in one of these attacks. **In March 2010, 89 attacks were recorded in the West Bank and Jerusalem:** three explosive devices, five attacks by gunfire, two stone-throwing attacks, and 79 Molotov cocktails.⁴²

The security situation in the Jerusalem area has become particularly perilous. In 2009, in the **crossings surrounding Jerusalem**, there was an escalation in attacks, with **67 terrorist attacks, an 81% increase** over 2008, in which there were 37 attacks⁴³. **March 2010 witnessed a further escalation in terrorist activity in this area, as 27 attacks were recorded** (compared to three in February 2010). In these attacks, two Israelis were wounded by gunfire.⁴⁴

Counter-terrorism steps taken by the Palestinian Security Forces are significant but more still needs to be done. Failure to keep terrorists off the streets for extended periods of time makes it easier for terrorist organizations, such as Hamas, to quickly rehabilitate their 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**

⁴² Source: Israel's Security Agency

⁴³ Source: Israeli Police

⁴⁴ Source: Israel's Security Agency

independently. For example, the justice system still does not function satisfactorily and there is insufficient prison space.

CAPACITY BUILDING 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 continuous 24/7 operations in Qalkilya, Jericho, Bethlehem, Ramallah and Salfit. 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. In 2009, coordinated operations numbered 1,297, a 72% increase over 2008.

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. Joint seminars have been held between the Israeli and Palestinian police on different aspects of criminal law enforcement.

Equipment and ammunition for the PSF have been transferred into the West Bank. New police infrastructure has also been put into place, including headquarters buildings, police stations, prisons, investigation facilities, operation center facilities. 270 special status documents were issued to PSF officials.

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 EUPOL 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 organize, train and upgrade the NSF (National Security Forces) battalions (so far, four battalions have been trained in Jordan, a fifth battalion is currently being trained there. Steps have been taken to facilitate requests by Dayton's team, including with

relation to equipment and infrastructure (jails, training camps and police stations). At present more than 50 Police stations are operational in rural areas, 25 of them are new stations.

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 strengthen the rule of law.

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 and rule of law. 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.

The group has held a few meetings in Jerusalem, including a briefing on the progress of capacity building of the Palestinian Security forces. **Unfortunately, representatives from the Palestinian legal system have not participated in these meetings. Israel expects the next meeting to place a greater focus on institution building of the Palestinian legal system. Meetings should take place on a more regular basis.**

A comprehensive Palestinian plan on institution building in the judicial sector appears to be an essential element of capacity building in this area, which requires greater focus and international support. Israel is willing to support capacity building efforts in this area, in particular the presentation and implementation of an up to date comprehensive strategic plan.

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, described above.

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.

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), the Office of the Quartet Representative and the United States Institute of Peace, 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.

Chapter Five

Facilitation of Humanitarian Assistance to Gaza⁴⁵

Factual Background

Since the brutal takeover of the Gaza Strip by Hamas in June 2007, Gaza has been controlled by a 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. 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)

In 2009, 699 terrorist attacks emanated from the Gaza Strip, 331 within Operation Cast Lead (killing nine Israeli citizens). In January 2009, an Israeli citizen was killed by detonation of an explosive device. In January and February 2010, 45 terrorist attacks were carried out in Gaza, including 18 rockets and 33 mortar bombs.

In March 2010, there was a disturbing increase in terrorist activity, and 36 attacks were recorded. Three victims were murdered in these attacks - two Israeli soldiers and a Thai worker. In addition, two Israelis were wounded in these attacks.⁴⁶

Hamas wages continuous attacks on the crossings to Gaza, which serve as the main channel for providing all civilian needs. A "tunnel

⁴⁵ Source: COGAT

⁴⁶ Source: Israel's Security Agency

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 whereabouts remain unknown, while 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.**

Humanitarian Efforts in Gaza

Despite the reality outlined above, and although Gaza remains under the hostile control of Hamas, Israel continues to facilitate humanitarian activities, in areas including health, infrastructure and others. These humanitarian activities are coordinated by the Coordinator of Government Activities in the Territories (COGAT), together with Erez CLA⁴⁷ officers and the PNA Civil Committee in the Gaza Strip.

During and after Operation Cast Lead, Israel continued to facilitate a wide range of humanitarian activities, in order to minimize, to the extent possible, the impact of the Operation on Gaza's population. This chapter presents information on these humanitarian activities, focusing primarily on activities during Operation Cast Lead and throughout 2009.

During Operation Cast Lead

Unprecedented humanitarian activities for the benefit of the Gaza Strip population were conducted during Operation Cast Lead, including the following:

- ❑ 1,503 trucks loaded with humanitarian aid, and 45 ambulances, entered the Gaza Strip.

⁴⁷ Coordination and Liaison Administration

- ❑ 1,535,750 liters of heavy diesel fuel for the power station, and 188,000 liters of diesel fuel for the activities of UNRWA, were transferred to the Strip.
- ❑ 120 coordination officers were deployed alongside other soldiers, to coordinate humanitarian activity on the front. This enabled the evacuation of 1,249 Palestinians from combat areas. 382 Palestinians were transported within Gaza for medical treatment and 39 operations were conducted to transport infrastructure repair teams.
- ❑ Within the humanitarian effort, Israel took an unprecedented step and implemented a daily three hour “humanitarian cease fire”. During the cease fire, the IDF refrained from initiating combat activities, in order to allow the population to purchase food and travel, as well as to enable the operation of infrastructure repair teams.
- ❑ 450 dual nationals exited the Gaza Strip, in accordance with requests issued by embassies and consulates.

Humanitarian Aid in 2009 and the Beginning of 2010

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. Throughout 2009 and the beginning of 2010, there have been extensive humanitarian efforts for the benefit of the Gaza Strip's population, in a wide range of fields. These efforts include:

- ❑ In 2009, 738,576 tons (30,576 trucks) of humanitarian commodities were transferred to the Gaza Strip. In January and February 2010, 92,138.1 tons (4,056 trucks) were transferred.
- ❑ In 2009, 22,849 Palestinians exited the Strip, among them 10,544 patients and their companions, exiting for medical treatment in Israel.
- ❑ In 2009, 21,200 international organization staff members entered the Gaza Strip.

In the Health Field:

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.

Israel recognizes that maintaining health services in the Gaza Strip is an essential humanitarian need, spearheading widespread activity in this area, as outlined below.

- ❑ A Jordanian field hospital commenced operations on March 9, 2009. On a monthly basis, equipment to support the field hospital's operations is transferred to the Gaza Strip, and hospital medical personnel are reshuffled, based on requests from the Jordanian Government. 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.
- ❑ In 2009, 10,544 patients and companions exited the Gaza Strip for medical treatment in Israel. In the first two months of 2010, 3,178 patients and companions exited the Gaza Strip.
- ❑ The transfer of medical equipment and medicine is coordinated based on requests made by the PA and the international community. In 2009, 4,883 tons of medical equipment and medicine entered the Strip, in 572 trucks.
- ❑ H1N1 (Swine Flu)- as part of assistance to the PA, a professional meeting was held between Israeli and Palestinian health representatives, to prepare for treatment of the epidemic in the Gaza Strip. Three patients exited the Gaza Strip for treatment in Israeli hospitals, and 44,500 vaccines were transferred to the Gaza Strip by the WHO.
- ❑ In February 2010, Israel facilitated the transfer of 2 elevators for hospitals in the Gaza Strip.
- ❑ In February 2010, Israel facilitated the transfer of mammogram equipment for breast cancer diagnosis, and the first CT machine in Palestinian Red Crescent Society hospitals in the Gaza Strip.

- ❑ In the first two months of 2010, 659.1 tons of medical equipment and medications entered the Gaza Strip, in 92 truckloads.

Infrastructure:

Over the years, Israel has kept the issue of public humanitarian infrastructure out of the conflict, continuing to cooperate with the PA Water Authority, by sharing knowledge and experience and coordinating the transfer of equipment for the water and sewage systems in the Gaza Strip.

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).

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. These projects 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.

Currently, the project to upgrade the sewage pump in Tel Sultan (UNRWA) is being implemented A number of additional humanitarian projects are underway:

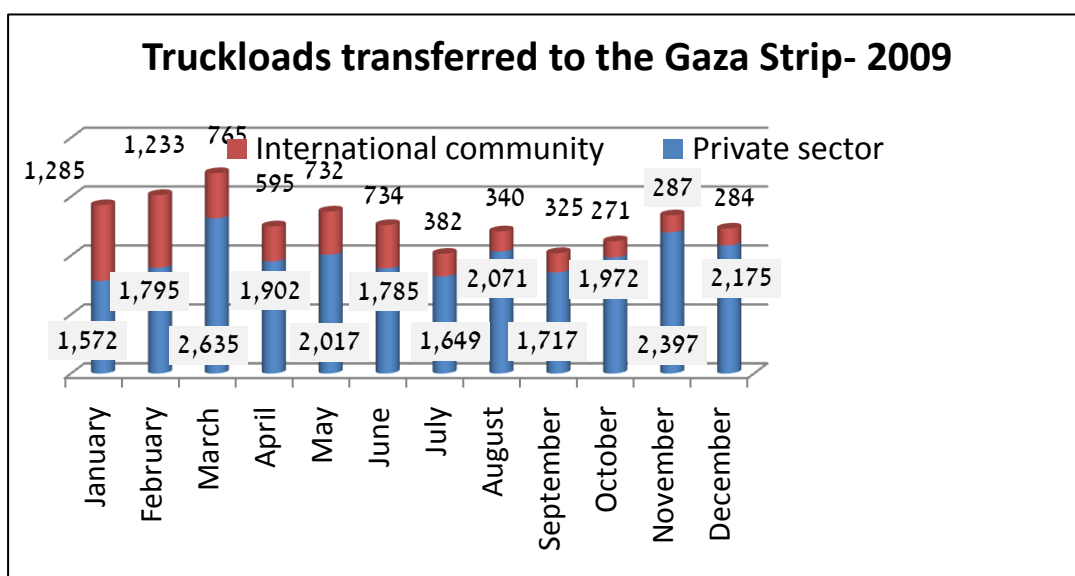
- ❑ **Rehabilitation of the Al-Bader flour mill** (by the UNDP together with the mill's owner).
- ❑ Approval has been granted for **completion of a project to construct 151 housing units in Khan Yunis** (80% of the project had been completed before the Hamas takeover).
- ❑ Approval has been granted for the **entry of 60 containers to be used as temporary classrooms.**
- ❑ **Rehabilitation the al-Quds hospital** (a French project).
- ❑ **Upgrading the Sheikh Ajleen sewage plant** (a German project).

- ❑ In 2009, Israel continued to supply electricity to the Gaza Strip. In addition, **41 truckloads of equipment for the maintenance of the electricity networks were transferred.**
- ❑ Between April and October 2009, **maintenance work was conducted on the power station by Siemens.** In 2009, over 105,701,740 liters of diesel were delivered to the station.
- ❑ In 2009, **45 truckloads of equipment for communication systems entered the Strip,** based on PA requests. In January and February 2010, 25 trucks entered the Strip, carrying inter alia 200,000 SIM cards for the Jawwal Cellular Network.
- ❑ The Palestinian Water Authority continues to be responsible for water and sewage systems throughout the Gaza Strip. 95 truckloads of **equipment for the water and sewage systems,** and 3,720 tons of chloride for water purification, were transferred in 2009. In January and February 2010, an additional 619 tons of chloride were transferred.
- ❑ There has been significant progress in **promoting the World Bank Northern Gaza Waste Water Treatment Plant Project.** Within the first stage of the project, construction of insertion basins has been completed, and flow of sewage into the pools has commenced. This has led to a significant drop in the level of sewage in Beit Lahiya. Within the second stage of the project, in November 2009 a tender to select a contractor was completed. In addition, 48 truckloads of equipment and aggregates for the project entered the Gaza Strip. In the first two months of 2010, an additional three trucks entered Gaza. In February 2010, a study visit to the Dan Region Wastewater Treatment Plant (Shafdan) in Israel was organized for the Palestinian Water Authority.

The Private and Banking Sectors:

The activities of the private and banking sectors in the Gaza Strip are maintained, as illustrated by the following:

- ❑ 77% of the truckloads entering the Gaza Strip in 2009 were coordinated by the private sector.



- ❑ In 2009, 257 Palestinian businessmen (holders of BMC cards) exited the Gaza Strip for Israel, the West Bank and destinations abroad. In January and February 2010, this figure amounted to 148.
- ❑ In 2009, over 1.1 billion NIS were transferred to the Gaza Strip to cover the salaries and activities of international organizations, in addition to the PA civil service payroll in Gaza.
- ❑ Worn banknotes worth 40 million NIS were replaced.
- ❑ In February 2010, 282.5 million NIS were transferred and deposited at the Bank of Israel, at the request of the Palestinian Monetary Fund. The request was made by the Palestinian Monetary Authority, due to an accumulation of NIS in the banking system in the Gaza Strip.
- ❑ In January 2010, Israel and the PA agreed in principle on a mechanism to transfer social security payments and pensions to beneficiaries in the Gaza Strip who worked in Israel. The money is expected to be transferred to bank accounts in the West Bank, and through those accounts to the beneficiaries in Gaza, with the assistance of the PA. The final details of the mechanism are currently being negotiated, in order for the mechanism to be finalized and begin implementation.

International Organizations:

International organizations play a central role in humanitarian activities in the Gaza Strip. Israel facilitates the activities of such organizations, as follows:

- ❑ In 2009, the international community transferred 141,390 tons of humanitarian aid (7,233 truckloads) to Gaza, including 115,043 tons (5,166 truckloads) of food, and 2,990 tons of medicine and medical equipment (332 truckloads). In January and February 2010, the international community transferred 9,375.1 tons (399 truckloads) of humanitarian aid into the Strip.
- ❑ In 2009, there was a significant increase in the number of international organization staff entering the Gaza Strip. 21,200 international organization officials and over 400 diplomatic delegations entered the Gaza Strip. In addition, 2,200 Palestinian members of international organization staff exited the Gaza Strip. In January and February 2010, 1,643 international organization staff and 104 diplomatic delegations entered the Gaza Strip.
- ❑ In 2009, 147 students exited the Gaza strip for academic studies abroad, based on requests made by the international community. In January and February 2010, 16 students with international scholarships exited the Strip.
- ❑ In 2009, 3,282,000 liters of fuel and diesel were transferred for UNRWA's activities. In January and February 2010, 112,614 liters were transferred.
- ❑ The joint coordination forum for COGAT and the international community holds regular meetings.
- ❑ Equipment was transferred for UNRWA's summer camps, including craft materials, swimming pools, an ice-cream machine, musical instruments, sports equipment, etc.

Additional Humanitarian Measures:

In 2009, Israel approved a number of additional humanitarian measures, for the welfare of the Palestinian population in the Gaza Strip:

- ❑ Approval for **export of flowers and strawberries** from the Gaza Strip as part of a joint project with the government of the Netherlands. Since the beginning of project implementation, 9,782,076 flowers and 54 tons of strawberries have been exported (as of the end of February 2010).
- ❑ **374 Christians exited the Strip to celebrate Christmas in Israel and Bethlehem.** In addition, 100 Christians exited to participate in the papal visit in May 2009.
- ❑ 17 members of Fatah exited the Strip to participate in the Sixth Fatah Convention in Bethlehem.
- ❑ As part of the preparations for winter, to repair homes that were damaged during Operation Cast Lead, **3,607 tons of glass (103 truckloads)** were transferred to the Strip. This project is expected to continue in 2010, and approval has been given for the transfer of wood and aluminum to repair windows and doors.
- ❑ In 2009, 10,871 cattle entered the Gaza Strip, mainly for Ramadan and Eid al- Edha celebrations.
- ❑ Approval for members of the Palestinian football team to exit the Gaza Strip for training and friendship games in the West Bank and abroad.

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 almost four years.

