50 Years of Occupation:
Dispossession, Deprivation and De-development

October 2017



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Executive Summary

The year 2017 marks 50 years since the beginning of the Israeli military occupation of the occupied Palestinian territory (oPt). This report captures the economic, developmental and humanitarian impact of occupation-related practices and policies after 1967. The report focuses on two intertwined perspectives of the ongoing impact of occupation. The **first** encapsulates the political economy of occupation-related policies, including resulting structural distortions, and the consequential "de-development" process. The **second** traces the humanitarian impact of those economic distortions and the numerous policies related to Israel's occupation which impact the daily lives and livelihoods of Palestinians in the oPt.

This report does not intend to analyse the full spectrum of the humanitarian impact of Israel's occupation and highlight all the detailed peculiarities of the West Bank, including East Jerusalem, and the Gaza Strip. Instead, drawing on the collective experience and expertise of the AIDA membership, it aims to demonstrate to the international community that the *only* way for any effective and sustainable development in the oPt is for Third States to fulfil their obligations to hold Israel accountable for its violations of international law and to end its belligerent occupation. It will make the case that ending the occupation is the most important priority to enable Palestinians to build a viable economy, reduce humanitarian needs, advance development goals, ensure respect for their human rights, and lay the foundation for any form of political rapprochement. It will also make clear that this must be coupled with the continued promotion of good governance and adequate development policies of the Palestinian National Authority (PNA).

On the occasion of 50 years since the beginning of Israel's military occupation of the oPt, it is necessary to link the humanitarian impact with the de-development process. The report aims to illustrate how occupation-related policies have made it impossible to establish a sovereign, functioning economy by investigating the underlying economic mechanisms which ultimately led to a state of dependency, structural distortion, and de-development.

The control over resources, including land and water, as well as the economic policies implemented through the military occupation of the oPt, created structural economic distortions establishing the oPt as a dependent economic entity. Opening the Israeli market for Palestinian labour, coupled with Israeli restrictions on Palestinian investment led to an imposed "resource gap"[1], the manifestations of which have been a dwindling productive sector (agriculture and manufacturing) and an inflated trade deficit. Agriculture and industry contributed a total of 40% of production in 1970; this figure decreased to 24% in 1991 and 14% in 2016. Steady income from work in Israel meant the purchasing power was directed towards non-local products, leading to inflated trade deficits reaching $4.26 billion or 34% of gross domestic product (GDP) in 2015.

[1] http://unctad.org/en/PublicationsLibrary/gdsapp2017d1_en.pdf

The political process leading to and following the Oslo Accords was unsuccessful in reversing those distortions; in fact, it gradually created a novel type of dependency on international aid. The impact of these economic distortions is visible when observing the current shape of the Palestinian economy; a small, poor, informal, service-based economy that is strongly susceptible to external shocks and struggles to ensure local employment opportunities.



East Jerusalem, 2016. Credit: AIDA

The humanitarian impact of this economic reality is exacerbated by daily Israeli violations of International Humanitarian Law and International Human Rights Law in the oPt. These include, but are not limited to, the transfer of Israel's population into the oPt, the consequences of establishing large scale residential, agricultural and industrial settlements, the denial of sovereignty over natural resources, which are exploited and appropriated by the occupying power, forcible transfer of protected persons, destruction and confiscation of private property, the *de jure* and *de facto* annexation of occupied Palestinian land, and collective punishment of Palestinian women, men and children through the continued imposition of the Gaza blockade. These violations impact a wide spectrum of humanitarian and livelihood-related aspects of Palestinians' lives and are major obstacles to Palestinian development.

I. Introduction

The year 2017 marks 50 years since the beginning of the Israeli military occupation of the occupied Palestinian territory (oPt). Apart from the 1948 war, or "Nakba" (catastrophe), when around 700,000 Palestinians were displaced from their lands and became refugees, the military occupation of the oPt in 1967 has been the most devastating event for Palestinians in the last century. During the Six Day War in 1967, which resulted in the military occupation of the oPt, an additional 300,000 Palestinians, many of whom had been refugees since 1948, fled their lands to nearby countries. Israel took full control over the Gaza Strip and the West Bank, including East Jerusalem (as well as the Golan Heights and Sinai Peninsula), and placed its indigenous population under Israeli military rule, excluding East Jerusalem and the Golan Heights, which were illegally annexed by Israel.

This report captures the economic, developmental and humanitarian impact of occupation-related practices and policies after 1967. The report focuses on two intertwined perspectives of the ongoing impact of occupation. The **first** encapsulates the political economy of occupation-related policies, including resulting structural distortions, and the consequential "de-development" process. The **second** traces the humanitarian impact of those economic distortions and the numerous policies related to Israel's occupation which impact the daily lives and livelihoods of Palestinians in the oPt, and particularly explores the humanitarian impact, as it relates to issues of movement, access to essential services such as health care, and the impact of occupation on children and youth.

II. Methodology and Legal Framework

Part 1 - Political Economy

The **first part** of the report analyses how Israeli occupation policies resulted in *severe structural distortions* to Palestinian society and its economic activity. These distortions formed a far-reaching type of dependence on Israel's labour and goods market, and provided concrete conditions for what was later referred to as the "de-development" paradigm. Predominantly, this report uses a "political economy**"** lens, which can be defined not only as the intersection of political and economic analysis, but more importantly, as taking into account aspects of history, society and class, as well as power analysis in decision making.

As such, applying the political economy lens to the occupation will rely on the framework of *dependency* in order to compensate for the insufficiency of mainstream-neoclassical-economic models which adopt a "one size fits all" approach**.** Dependency theory argues that the interaction between a strong and a weak economy does *not* ultimately reduce the economic gap through the transfer of industry technology. Rather, the stronger economy continues to exploit the natural and human resources of the weaker economy, while at the same time using the latter's economy as a market to sell its goods, ultimately locking weaker economies in a vicious cycle of underdevelopment.

Mainstream economic theory argues that the integration or proximity between two economies will eventually lead to dispersion of positive effects on the smaller economy and ultimately to a convergence in economic levels. Particularly, the theory assumes the "spread" effects, i.e. those which tend to help the small economy expand, develop and grow, will outpace any "backwash" effects - i.e. the negative repercussions that tend to delay the evolution of the small economy, reinforcing its underdevelopment.[2]

This theoretical approach lacks historical or political sensitivity, and has clearly proven to be problematic in the Palestinian case. As an alternative, variations of dependency models, mostly utilized in developing countries and particularly in South and Central America, offer a more realistic description of the dynamics between strong and weak economies. In sum, the models suggest two sets of opposing movements; the movement of natural and human resources from the weak (periphery) economy to the strong (core) economy, and the movement of final industrialized goods in the opposite direction.

This dynamic has locked developing countries in poverty "traps" in which there might be enrichment on the *individual* level (for example commercial agents and merchants of the industrialized goods, or government officials facilitating the commercial movements might accumulate wealth), however, it also ensures poverty on the *collective* level through the deflation of the productive economic sectors in the periphery economy, transforming it into a consumer society normally associated with a large trade deficit.[3]

This model seems to be a suitable lens for analysing the Palestinian-Israeli economic relationship. The Israeli occupation is one of a strong core economy, which on the one hand has benefited from the natural and human resources of the weak periphery economy, while on the other hand has used the Palestinian periphery's market as an outlet for its goods. This exploitation of labour and natural resources has meant that, in practice, any economic activity "allowed" must always yield the value added and surplus benefits to the occupying state, whilst providing Palestinian women and men with "liveable conditions". The various Israeli economic committees since 1967: Bruno Committee (1967), Sadan Committee (1991), Ben-Shahar Committee (1993), whose conclusions ultimately transformed into the Paris-Protocol, Brodet Committee (1995), and the Ben-Basat Committee (1999), studied the various possible levels of separation and integration with the oPt. Ultimately, however, the majority of conclusions implemented allowed

[2] https://www.econstor.eu/bitstream/10419/52817/1/358488915.pdf

[3] While these dynamics can describe many developing countries today, several countries were able to adopt developmental plans to break out of the "trap" and build strong industrial economies; South Korea and the Asian Tigers stand as strong examples.

Palestinian workers to work in Israel and Israeli settlements, while discouraging Palestinian productive-sector initiatives (agriculture and manufacturing) in the oPt.[4]

This report will argue that the distortions created by Israeli policies, leading to the acute dependency on Israel, are a direct result of an imposed "resource gap",[5] whereby domestic absorption (public and private consumption and investment) exceeds domestic Palestinian production by a substantial amount. Moreover, the economic agreements in the middle of the 1990s[6], and consequent Israeli policies, have crippled the productive capacity of the Palestinian economy and its income-generating opportunities. As a result, Palestinians have been trapped in a vicious cycle of unemployment, poverty, and slowly increasing reliance on international aid and banking credit. Still, this cycle is intensified by a series of occupation-related measures which blatantly violate International Humanitarian Law (IHL) and International Human Rights Law (IHRL).

Part 2 - The Humanitarian Impact: IHL and IHRL Violations

The aforementioned economic conditions are exacerbated by the daily measures of occupation which create a coercive environment and couple the dire economic conditions with a dismal humanitarian situation.[7] As such, while the report draws on the legal framework of IHL and IHRL against the *background* of the first part of the report, the **second part** will delve into *details* of Israel's IHL and IHRL violations and their humanitarian impacts.

Under the IHL framework, and as the occupying power and primary duty bearer, Israel is under an obligation to administer the oPt for the benefit of the local Palestinian population. It is required to protect the population and provide for its welfare and wellbeing. This duty has been referred to as one of "good governance".[8] This includes ensuring that Palestinians' rights are upheld and needs are provided for, including both humanitarian and developmental needs, as well as protecting Palestinian civilians from any form of violence.

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[4] For more on Israeli economic plans and policies towards the oPt see http://in.bgu.ac.il/en/humsos/Econ/Working/0713.pdf
[5] http://unctad.org/en/PublicationsLibrary/gdsapp2017d1_en.pdf
[6] The key economic agreement is the Paris-Protocol; an annex to the Oslo-II agreement signed in 1995.
[7] While Palestinian-inhabited communities in the oPt faced these dire conditions, the ever-increasing settler communities were thriving from preferential planning policies and economic incentives.
[8] Bothe, The Right to provide and receive humanitarian assistance in occupied territory, July 2015, https://www.nrc.no/resources/legal-opinions/the-right-to-provide-and-receive-humanitarian-assistance-in-occupied-territories/

Israel's conduct of its occupation of the oPt runs counter to these obligations, which constitute serious IHL breaches and violate the most fundamental principles of international law.[9]

Some of the key Israeli practices and policies that violate its legal obligations as an occupying power and contribute to the creation of a "coercive" environment include:

- The implementation of a discriminatory planning, zoning and permit regime through enacting unwarranted amendments to the laws already in place in the occupied territory; [10]
- Evictions, confiscation of private property and the wanton destruction of private property not necessitated by imperative military necessity;[11]
- The denial of sovereignty over natural resources, which are exploited and appropriated by the occupying power;
- The construction of the Wall in the occupied West Bank de facto annexing some 10 per cent of the West Bank on the "Israeli" side of the Wall;[12]
- The obstruction of the delivery of humanitarian assistance;[13] - in 2017 alone, 98 donor-funded structures delivered as humanitarian assistance were demolished or confiscated according to OCHA as of October 2017;
- Discrimination, dispossession and denial of the right to equality and due process;[14]
- Restrictions on freedom of movement, on access to essential services, to religious freedoms, economic rights and the right to water, among others;[15]
- Forcible transfer;[16]

[9] See, for instance, UN Security Council Resolutions 242 (1967), 338 (1973), 446 (1979), 476 (1980) and 2334 (2016), Advisory Opinion Concerning Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, International Court of Justice (ICJ), 9 July 2004, 2004 ICJ Reports; Bothe, Expert Opinion relation to the conduct of prolonged occupation in the occupied Palestinian territory, June 2017; Boutruche & Sassoli, Expert Opinion on the occupier's legislative power over an occupied territory under UHL in light of Israel's ongoing occupation, June 2017.

[10] International Conferences, *The Hague Convention (IV)*, 18 October 1907, Article 43.

[11] International Conferences, *The Hague Convention (IV)*, 18 October 1907, Article 46; ICRC, *The Fourth Geneva Convention*, 12 August 1949, Article 53.

[12] ICJ, Advisory Opinion Concerning Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, 9 July 2004.

[13] ICRC, *Fourth Geneva Convention*, 12 August 1949, Articles 59, 60.

[14] *See*: UN General Assembly, *ICCPR*, 1966, Articles 14, 26.

[15] UN Human Rights Council, Report of the independent international fact-finding mission to investigate the implications of the Israeli settlements on the civil, political, economic, social and cultural rights of the Palestinian people throughout the Occupied Palestinian Territory, including East Jerusalem, A/HRC/22/63, 7 February 2013 paras 32-95; OCHA, 2016 Humanitarian Needs Overview, November 2015.

[16] ICRC, *Fourth Geneva Convention*, 12 August 1949, Article 49.

- Settler violence and intimidation, settlement expansion, settler takeovers and pressure on communities to move;[17]
- The *de facto* annexation of vast expanses of the West Bank through policies and practices including settlement expansion and the construction of the Wall, which create a fait accompli on the ground[18]; coupled with measures of *de jure* annexation which indicate a clear intentional agenda to annex additional parts of the West Bank. Such measures include the adoption of the Regularization Law in February 2017 as well as the proposed "Norms Bill", which is still under discussion in the Knesset but if passed, would pave the way for application of Israeli domestic law to "Judea and Samaria".

Building on the right to self-determination, permanent sovereignty over natural resources and additional legal frameworks, legal experts have argued that international law forbids an occupying power from "interfering with development aid provided by Third States, or interfering with bilateral development assistance relationships between donor and recipient, barring a clear conflict with superior rights and obligations".[19] Moreover, in the absence of active hostilities, the occupying power must ensure that full IHRL provisions apply, including ensuring the right to development and social and economic rights.[20]

III. Analysis Part 1 - Political Economy

1.1 The Political Economy of Dependency

1.1a The Palestinian Economy Today

The Palestinian economy today is a small, poor, informal,[21] service-based economy that is strongly susceptible to external shocks. In 2015, the *current*-price GDP reached $12.7 billion, or $2,864 per capita

[17] Ibid.
[18] ICJ, Advisory Opinion Concerning Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, 9 July 2004; UNHRC, Human rights situation in the Occupied Palestinian Territory, including East Jerusalem, A/HRC/31/L.37, 22 March 2017. This resolution was voted in favour by all EU member states of the HRC.
[19] Ibid, p.15. http://www.diakonia.se/globalassets/documents/ihl/ihl-resources-center/expert-opinions/the-obligation-to-provide-and-the-right-to-receive-development-assistance-in-occupied-territories-including-in-situations-of-prolonged-occupation.pdf
[20] Ibid, p.40. http://www.diakonia.se/globalassets/documents/ihl/ihl-resources-center/expert-opinions/the-obligation-to-provide-and-the-right-to-receive-development-assistance-in-occupied-territories-including-in-situations-of-prolonged-occupation.pdf
[21] Data from the last 10 years shows that around 50% of Palestinian economic establishments are informal, i.e. are companies with no tax registration.
http://arabtradeunion.org/sites/default/files/The%20informal%20sector%20in%20occupied%20palestinian%20territory.pdf

(compared to $299 billion, or $35,729 in Israel).[22] Productive sectors have dwindled in the past 40 years (1975-2015); the contribution of agriculture and manufacturing to GDP dropped by more than a half, from 40% to 14%.[23] As a result of the weakened productive capacity, exports stagnated and have not been able to rise above $1 billion. By contrast, imports have been on the rise, inflating the trade deficit to $4.74 billion (37% of GDP) in 2014.[24] There are various factors contributing to the decline of the industrial and agricultural sectors in the oPt, which due to their capacity for export, tend to have greater scope for realizing economies of scale and expanding employment opportunities. Economic progress has been stifled, including as a result of the fact that only 21% of cultivable land is utilized, and 93% of cultivated land is not irrigated. Moreover, restrictions by Israel on the import of adequate fertilizers add to the production costs and decrease land productivity by one third. Palestinian agricultural producers also face unequal competition with subsidized imports from Israel and settlements.[25]

Due to limitations on access to land and water, as well as the relatively higher wages from Israeli employers, the Palestinian labour force has shifted its reliance from the agriculture sector (before the occupation) to work in Israel and illegal Israeli settlements, and after the 1993 Oslo agreement, to work in the public sector which currently employs around one quarter of the labour force. In 1999, before the Second Intifada, around half the work force worked either in Israel and the settlements (27%) or in the Palestinian public sector (19%). After the eruption of the Second Intifada in the year 2000, unemployment rates leaped from 12% in 1999, a record low in the last 30 years, to 31% in 2002 when only 9% of the labour force could work in Israel.

> ***"Occupation imposes a heavy cost on the economy of the Occupied Palestinian Territory, which might otherwise reach twice its current size".*** **(UNCTAD, 2017)**

Since then, unemployment has only slightly declined, reaching 27% in 2016. Disaggregated data from 2016 tells a grim story; unemployment rates were 42% for those aged between 15-24, 44% for men and a staggering 66% for women aged 15-24. In the Gaza Strip, as a consequence of the additional burden of the blockade, unemployment reached 42% in general compared to 30% in 2005, 61% for those aged 15-

[22] http://pcbs.gov.ps/Downloads/book2235.pdf
[23] PCBS, National Accounts at Current and Constant Prices: 1996-2015 and Farsakh, Leila (2005), Palestinian Labour Migration to Israel (table 2.2).
[24] http://pcbs.gov.ps/Downloads/book2144.pdf
[25] http://unctad.org/en/PublicationsLibrary/tdb64d4_embargoed_en.pdf

24 (compared to 45% in 2005), 65% for women (compared with 35% in 2005) and 86% for women aged 15-24 (compared with 71% in 2005 before the blockade).[26]

Palestinian organizations and UN bodies including United Nations Conference on Trade and Development (UNCTAD) have for a long time highlighted the detrimental effect of Israeli occupation on the Palestinian economy. The Applied Research Institute of Jerusalem (ARIJ) assessed the direct cost and foregone revenue due to the occupation in 2015, including the aftermath of the 2014 war on Gaza, to be around three quarters of Palestinian GDP or $9.95 billion.[27] The May 2017 UNCTAD report on the "staggering" economic cost of the Israeli occupation clearly stated that "Occupation imposes a heavy cost on the economy of the Occupied Palestinian Territory, which might otherwise reach twice its current size".[28]

The World Bank report to the Ad Hoc Liaison Committee in September of 2016 suggested that Israeli restrictions "have been the main constraint to Palestinian economic competitiveness and have pushed private investment levels to amongst the lowest in the world". The report particularly highlights restrictions on Area C as the most detrimental to economic growth and suggests that access to Area C could increase Palestinian GDP by 35% and would be expected to lead to a 35% increase in employment.[29]

1.1b Exploring Dependency

One approach to understanding the quantifiable impact of the Israeli occupation on the Palestinian economy is to ask what the impact would be if all the occupation measures were lifted, i.e. the potential positive impact on the two key macroeconomic indicators; output and employment. However, another more telling – yet harder to evaluate – question to ask would be what the trajectory of the Palestinian economy would have been had the occupation never existed.

Neither the size and scope, nor the methodology of this report can address the second question. However, to understand the relations between the Palestinian and Israeli economies since 1967, and the structural distortions created by the Israeli occupation, one can look to the diverging trajectories of the Palestinian and Israeli economies, and speculate why the gap between the GDP per capita in Israel and the oPt grew from $**1,500** in 1967 ($1,674 in Israel and $175 in the oPt) to around **$35,000** in 2015; more than a 2000% increase.[30]

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[26] http://pcbs.gov.ps/Downloads/book2266.pdf and http://pcbs.gov.ps/Downloads/book1250.pdf
[27] http://www.arij.org/publications/special-reports/234-special-reports-2016/766-the-economic-cost-of-the-israeli-occupation-report.html
[28] http://unctad.org/meetings/en/SessionalDocuments/tdb63d3_en.pdf
[29] http://documents.worldbank.org/curated/en/474311473682340785/pdf/108205-V2-WP-PUBLIC-SEPT-14-2PM-September-2016-AHLC-World-Bank-Report.pdf
[30] http://www.pij.org/details.php?id=1790

The framework of dependency will be invoked to comprehend this divergence, as mentioned above.

1.1c An Occupied, Investment-Constrained Economy

From 1967 until the establishment of the Palestinian National Authority (PNA) in 1994, the economy of the oPt was completely under the control of the Israeli military. During that period, the British Mandate policy continued wherein the budget was always balanced (expenditures were never allowed to exceed revenues). Moreover, one third of taxes collected in the oPt were transferred to Israel.

As a result, the level of public expenditure as ratio to GDP during the period 1967-1994 was very low (23%), significantly lower than neighbouring countries of Jordan (30%) or Egypt (37%).[31] Poor public investment by the occupying power was only the start of Israeli measures that severely limited development in the oPt. As for private investment, all economic activities were screened and every economic initiative required approval from the Civil Administration department of the Israeli military. New ventures and upgrades of Palestinian businesses were often frustrated by delays in granting permits or denial altogether which stifled economic development.

The availability of credit and cash flow were a key impediment to any capital investment. On the one hand, Arab banks were closed down at the start of the Israeli occupation, and Israel only allowed a small-scale reopening in the mid-1980s.[32] On the other, the refunds from value added tax on imports through Israel were regularly delayed by Israeli border authorities causing Palestinian firms significant cash flow deficits. When they were allowed to invest, Palestinian firms were not permitted to import machines with cutting edge technology but were instead forced to buy second-hand machines from Israel. Furthermore, taxation of Palestinian business activity was also detrimental; even though per capita income in Israel was 14 times higher than that of Palestinians, personal income and corporate profit tax rates were generally higher for Palestinians.[33]

Consequently, the productive sectors of the oPt were eroded and the key structural gap started to form; a "resource gap" whereby domestic absorption (public and private consumption and investment) exceeds domestic production by a substantial amount. As described in the UNCTAD report published in May 2017, this imposed gap can be described as follows: "[T]he economy had two persistent deficits that were a mirror image of each other, namely a trade deficit and a savings deficit. In other words, the Palestinian economy produced much less than its domestic consumption level, and saved substantially less than its

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[31] http://unctad.org/en/PublicationsLibrary/gdsapp2017d1_en.pdf

[32] For more on the financial sector see Hamed, Osama (The role of the Financial sector) in Kanafani, N. and Cobham, D. (2005) *The Economics of Palestine: Economic Policy and Institutional Reform for a viable Palestinian state*. Routledge.

[33] http://unctad.org/en/PublicationsLibrary/gdsapp2017d1_en.pdf

investment level. This resource gap was financed by a flow of external income, which had two sources, namely the income of Palestinians working in Israel and remittances from those working in oil-exporting Arab countries, as well as grants and aid from other countries."[34]

1.2 Dependency: Land, Labour and Markets

According to the UNCTAD report mentioned above, this gap has "locked the Palestinian economy into a path of dependence and disequilibria". Indeed, since 1967 the Israeli occupation has maximized its economic profits from the oPt through a series of opposite movements: natural resources and human resources (labour) move from the Palestinian to the Israeli economy, while final goods move from the Israeli to the Palestinian economy. As such, the key pieces in the dependency relationship are the exploitation of 1) **natural resources**, most importantly the confiscation of land and water resources and inadequate access to electricity, but also stone and gravel from quarries and valuable minerals from the Dead Sea; 2) Palestinian **workers** working in Israel and Israeli settlements; and 3) Palestinian goods **market** as a tool for dumping products at low prices to hamper the local productive sector, leading the trade deficit between the oPt and Israel to reach $2.24 billion in 2015 ($3.04 billion in imports and $800 million in exports).[35]

[34] Ibid, p.15, emphasis added.
[35] http://pcbs.gov.ps/Downloads/book2216.pdf

1.2a Natural Resources and the "Coercive" Environment



Susiya, 2017. Credit: Lys Arango

Even after the political process in the 1990s, in the West Bank, more than 60% of the **land** is designated as Area C, with *full* Israeli military and administrative control. Area C includes virtually all of the Jordan Valley, the most fertile agricultural area in the West Bank, and two thirds of the grazing land, severely impeding any growth of the agriculture sector. This is coupled with the diversion of more than 80% of the West Bank **groundwater** by the Israeli water company "Mekorot" (mostly for the use of Israeli settlements) such that Palestinians are obliged to buy back their confiscated water to sustain half of their water needs.[36] Given it was meant to be for a 5-year interim period, the Oslo Accords did very little to change the water situation. On the contrary, it limited the supply of water available for Palestinians to

[36] http://www.arij.org/files/admin/specialreports/waterresource2012.pdf and http://www.btselem.org/jordan_valley#water for specific focus on the Jordan Valley.

118 million cubic meters from existing points and 70-80 from new ones, which were never properly developed, while effectively allowing unlimited access to Israelis. [37]

As a result, Palestinians connected to the water grid consume up to 79 litres per capita per day, while those not connected only consume 20-50 litres, in stark contrast to the WHO recommended average of 100 litres per capita per day. The Israeli average consumption is 287 litres per capita per day.[38]

Limited, constrained and irregular access to energy, especially electricity, is a major barrier for development. While the Gaza Strip experiences a very limited energy supply, new challenges are emerging in the West Bank, with power shortages especially in winter and summer. Electricity needs can be fulfilled by importing power from Israel – 99% and 64% of consumption for the West Bank and Gaza, respectively – resulting in very high energy dependency, but interconnection capacity is not adequate. The use of solar electricity – the only significant renewable resource available – is limited by the fact that the major capacity is in Area C, where the construction permit regime imposed by Israel restricts it.

> ***"Palestinians connected to the water grid consume up to 79 litres per capita per day, while those not connected only consume 20-50 litres, in stark contrast to the WHO recommended average of 100 litres per capita per day. The Israeli average consumption is 287 litres per capita per day".*** **(WHO)**

In contradiction of fundamental principles of International Law, the Israeli High Court of Justice ruled in 2011 to allow the continuation of activities in Israeli quarries in the West Bank.[39] The Israeli quarries in the West Bank (a number of them operating as subsidiaries to international corporations such as Cemex and Heidelberg Cement)[40] yield an income of almost one billion Israeli Shekels (ILS) annually (approximately $280 million). Of that total amount, 2.5% goes as royalty to the Israeli Civil Administration and the remaining 97.5% is sold for profit in the Israeli economy.[41] Similarly, the Israeli private company Ahava-Dead Sea Laboratories, which mines, manufactures and packages Dead Sea minerals operates in the Israeli settlement of Mitzpe Shalom and has an annual income of approximately $150 million.[42]

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[37] http://www.btselem.org/water/discrimination_in_water_supply
[38] Ibid.
[39] For more on the petition filed by the Israeli organization Yesh Din and the HCJ ruling see https://www.yesh-din.org/en/petition-to-halt-all-israeli-quarry-and-mining-activities-in-the-west-bank-hcj-216409-yesh-din-volunteers-for-human-rights-v-the-commander-of-the-idf-forces-in-the-west-bank/
[40] See for example https://whoprofits.org/content/israeli-exploitation-palestinian-natural-resources-part-ii-heidelberg-cement
[41] http://www.haaretz.com/weekend/week-s-end/west-bank-palestinians-see-an-israeli-roadblock-to-economic-independence-1.420361
[42] https://www.whoprofits.org/sites/default/files/ahava_report_final.pdf

Palestinians are also prevented from properly managing their waste due to limitations and constraints imposed by the occupying power including lack of authorization to build new landfills in Area C, and delays for vehicles and equipment import. They are also forced to receive waste from Israel in contravention of the Oslo Accords and likely the Basil convention,[43] which pollutes land and water, increasing risks to public health.

In the Gaza Strip, at least one third of the area suitable for cultivation has been out of reach due to the so called "buffer-zone" expanded sporadically by Israel.[44] Cultivation is also further challenged by limited access to clean water, with some 95% of the groundwater already contaminated and unfit for human consumption. Moreover, the fishing zone decreased from the 20 nautical miles agreed upon since the Oslo Accords to 3-6 miles (sometimes extended to 9 miles).[45] According to UNRWA, this has limited Gazan fishermen's access to 85% of the original fishing zone, limiting the quantity and quality of available fish, and dwindling future fish supply, and leading to almost daily attacks of Israeli Navy ships on Palestinian fishermen anywhere close to the arbitrary restricted zone.[46] In addition, Israeli control over, and exploitation of, gas reserves off Gaza's coast is another example of unlawful extraction of natural resources.[47]

1.2b Labour and Markets

Labour is the second resource moving from the poor economy (oPt) to the strong one (Israel). Before the occupation, Palestinian workers worked in Palestinian/local agriculture (up to 35%). After 1967, the relatively higher wages in Israel incentivized many Palestinians to seek employment with Israeli capital and businesses. Gradually, Israeli restrictions and land grabs for settlements meant farmers and their families who lost their lands found themselves with only their labour to sell. The percentage of labour working in Israel and more slowly thereafter in Israeli settlements leapfrogged from 12% in 1970 to 19% and 29% in 1971 and 1972 respectively.[48] This figure reached its highest level right before the First Intifada when nearly 40% of the labour force was employed within Israel and the settlements.

Palestinians, usually farmers lacking advanced skills in other areas, worked in black labour – especially in the Israeli construction and agriculture sectors, which relied on cheap Palestinian labour to increase their competitiveness. The daily wage was higher than what the domestic economy in the oPt could offer, and this artificially raised the "reservation" wage, increasing costs on Palestinian manufacturers, and decreasing their competitiveness. Moreover, this dependency created a strong structural distortion with effects crippling the economy until today: despite the fact that currently, and since the outbreak of the

[43] http://www.arij.org/files/arijadmin/2016/SOER_2015_final.pdf
[44] https://www.ochaopt.org/sites/default/files/ocha_opt_gaza_ara_factsheet_july_2013_english.pdf
[45] Ibid.
[46] https://www.unrwa.org/newsroom/features/gaza-fishermen-restricted-livelihoods
[47] http://www.alhaq.org/publications/Annexing.Energy.pdf
[48] Farsakh, Leila (2005). Palestinian Labour Migration to Israeli: Labour, land and occupation. p.209.

Second Intifada in 2000, only some 10% of the labour force works in Israel and settlements, the unemployment rate has not dropped below 20% since the year 2001, compounded by the inability of Palestinians from Gaza to work in Israel after 2006.

Table (1)

Year	1970	1987	1991	1996	1999	2002	2006	2011	2016
Employment in Israel and Settlements (%)	11.9	39.3	34.2	14.1	22.9	9.3	8.6	10	12
Unemployment Level (%)	4.1	2.2	7.9	23.8	11.8	31.2	23.7	20.9	26.9

Source: PCBS, Labour Force Annual Survey: 1996-2016 and Farsakh, Leila (2005), Palestinian Labour Migration to Israel (table A.4)

The resource gap between income and production means that aggregate demand in the Palestinian economy overgrew supply and production. As a result, imports have skyrocketed, and coupled with the weak export power, the trade deficit has been increasing since 2002 reaching a high of $4.74 billion, i.e. a third of Palestinian GDP. The vast majority of goods are imported from (or through) Israel, complementing the pair of opposing movements and locking the economy of the oPt in a vicious cycle of dependency.

Figure (1)



Source: Palestinian Central Bureau of Statistics: Registered Foreign Trade Statistics Goods and Services, (1995-2014) - Main Results

These economic policies of Israel not only entrench the dependency of the oPt but also constitute violations of International Humanitarian Law (IHL) and International Human Rights Law (IHRL), including denying Palestinians certain social and economic rights; their right to development as well as their *jus cogens* right to self-determination. Furthermore, the unlawful appropriation of natural resources in occupied territory amounts to pillage, in breach of international law.[49] In Gaza, these violations are manifested in Israel's decade-long blockade of the Mediterranean enclave, leading to its stifled economy, an increase in humanitarian needs and chronic and deepening dependence on humanitarian aid. Meanwhile, in the West Bank including East Jerusalem, Israel's economic policies have contributed to a coercive environment that puts Palestinians at risk of forcible transfer. These policies, however, are part of a wider range of Israeli policies and practices that violate IHL, the impact of which the second half of this report will explore more in depth.

IV. Analysis Part 2 - The Humanitarian Impact: IHL and IHRL Violations

2.1 Humanitarian Impact of Prolonged Occupation

Israel's policies, practices, legal and physical measures in the West Bank have generated a coercive environment in various areas most notably East Jerusalem, the H2 area of Hebron,[50] and in Area C, where 46 Bedouin and herding communities are at heightened risk, being slated for relocation to one of three designated relocation sites. These measures create pressure on residents to leave their communities and places them at risk of forcible transfer. Part and parcel of this process is settlement expansion, settler violence, as well as the restrictive and discriminatory planning regime which makes it virtually impossible for Palestinians to obtain building permits, resulting in the inability to address pressing needs, and the demolition, or threat of demolition, of homes, schools and other community and livelihood structures.[51]

IHL prohibits an occupying power from forcibly transferring or deporting the civilian population of an occupied territory regardless of motive.[52] The only permitted exceptions to this prohibition are temporary

[49] Hague Regulations, 1907, Art 47; Fourth Geneva Convention, 1949, Arts 33, 53, 147; Al Haq, Pillage of the Dead Sea: Israel's Unlawful Exploitation of Natural Resources in the Occupied Palestinian Territory, 2012; Al Haq, Water for One People Only: Discriminatory Access and 'Water-Apartheid' in the OPT, 2013; Al Haq, Annexing Energy: Exploiting and Preventing the Development of Oil and Gas in the Occupied Palestinian Territory, 2015.
[50] https://www.ochaopt.org/content/isolation-palestinians-israeli-controlled-area-hebron-city-continues
[51] For more on the planning regime see https://www.diakonia.se/globalassets/documents/ihl/ihl-in-opt/planning-to-fail.pdf
[52] Art. 49(1) of the Fourth Geneva Convention (GC IV) of 1949.

evacuations – in times of active hostilities – conducted either to ensure the safety of the civilian population or due to military imperative.[53]

The International Criminal Court (ICC) Preparatory Commission noted that "the term 'forcibly' is not restricted to physical force, but may include threat of force or coercion, such as that caused by fear of violence, duress, detention, psychological oppression or abuse of power, against such person or persons or another person, or by taking advantage of a coercive environment". [54] Moreover, the International Criminal Tribunal for the former Yugoslavia (ICTY) also established that forcible transfer may be accomplished by the creation of a *coercive environment*, even without the use of *physical* force, and added that "fear of violence, duress, detention, psychological oppression, and other such circumstances may create an environment where there is no choice but to leave, thus amounting to the forcible displacement of people".[55]

Not all the measures mentioned above need to be applied simultaneously for a coercive environment to be created. In some instances, one element may be sufficient to trigger concerns that forcible transfer is taking place, while in others, it may be a combination of factors. Within the West Bank context, the Secretary-General of the UN, the High Commissioner for Human Rights and the Special Rapporteur on the situation of human rights in the oPt have identified several instances of clear coerciveness, namely in Area C, East Jerusalem and the H2 area in Hebron.[56]

The illegal and discriminatory planning regime, and continuous risk of demolition in areas targeted for relocation or near settlements, are key examples of the coercive environment faced by some 300,000 Palestinians living in **Area C**. Additionally, both Israeli settlers and the Israeli army and security forces continue to intimidate and harass targeted communities with impunity.[57] Those communities living in Israeli designated "firing zones" are exposed to military trainings and activity, including use of live fire and often face temporary displacement.[58]

Israeli plans to "relocate" Palestinian Bedouin and herder communities to three centralized relocation sites are heightening the risk of transfer for such communities, alongside a plan to evict some Palestinians

[53] Article 49(2) GC IV and Rule 129 of Customary International Law, International Committee of the Red Cross (ICRC).
[54] Report of the Preparatory Commission for the International Criminal Court, UN Doc PCNICC/2000/1/Add.2 (2 November 2000), p. 7 (fn 5).
[55] Prosecutor v. Popović, Case No. IT-05-88-T, ICTY Trial Chamber, Judgment, 10 June 2010, fn 724.
[56] https://documents-dds-ny.un.org/doc/UNDOC/GEN/G16/008/02/PDF/G1600802.pdf?OpenElement
[57] https://www.ochaopt.org/reports/protection-of-civilians
[58] http://www.diakonia.se/globalassets/blocks-ihl-site/ihl-file-list/ihl--expert-opionions/limits-of-the-right-of-expropriation-requisition-and-of-movement-restrictions-in-occupied-territory.-dr.-iur.-prof-michael-bothe.pdf

in Massafar Yatta for the enforcement of firing zone 918, and to relocate other communities in the southern Hebron Governorate such as Susya and Dkaika to nearby villages.

Coercive environment factors identified in **Hebron's** H2 include a general sense of insecurity due to deployment of military forces under the guise of protecting the presence of settlers. This results in continuous security operations, including excessive use of force by the Israeli security forces in their operations, raids, harassment and arbitrary arrests. Moreover, insecurity is also a result of the violence and harassment by settlers living in close proximity. In **East Jerusalem**, apart from the seizure of Palestinian homes and forced evictions of their residents for settlers to move in,[59] there is always the *risk* of the execution of pending eviction and demolition orders, marking residents' lives with constant fear and anxiety. Palestinians face significant movement and access restrictions, including those resulting from the Wall and associated permit regime. Furthermore, Palestinians living in East Jerusalem face an additional burden of the arbitrary conditions to maintain residence status[60] as well as restrictions on family unification between residents of East Jerusalem and of other parts of the West Bank. Since 1967, Israel has revoked the residency of 14,000 Palestinians. This is one aspect of the Israeli effort to ensure a 70% Jewish majority in Jerusalem,[61] alongside recent legislation being promoted that would enable the exclusion of Palestinian neighbourhoods beyond the Wall from the municipal boundaries, excluding some 140,000 Palestinians.[62]

The purpose of the steps toward forcible transfer appears to be strongly related to Israel's policy of continued settlement expansion and annexation of territory.

[59] https://www.ochaopt.org/content/east-jerusalem-palestinians-risk-eviction

[60] Most Palestinians in East Jerusalem are not citizens and only obtain a "residency status", it is this residency status which is revoked in these cases.

[61] http://www.btselem.org/jerusalem/revocation_of_residency

[62] "Bill Would Allow Parts of Jerusalem to Be Transferred to a New Israeli Local Authority", Jonathan Lis and Nir Hasson, 25 July 2017, https://www.haaretz.com/israel-news/.premium-1.803315

2.2 Access, Movement and Health services

2.2a Movement Restrictions

The strict limitations on access to natural resources diminished the tradable productive sectors, as did employment opportunities in Israel and illegal Israeli settlements. These limitations were paralleled with access and movement restrictions, the complexity of which cannot be fully covered in this report. Some of these include access to border points and the inefficient "back-to-back" system, where goods are transferred from Palestinian trucks to Israeli trucks, causing delays and losses in perishable goods. Such limitations cut off Palestinian goods from vital external markets, which are necessary to sustain a small-sized economy.



Bir Nabala, 2017. Credit: AIDA

In the West Bank alone, there were more than 472 obstacles to movement in 2016,[63] from large scale checkpoints, to road ditches and gates, as well as the Wall. Such restrictions, the Wall in particular, have affected economic livelihoods and severed social ties between Palestinians.[64] Data collected by OCHA in the West Bank since 2010 showed that olive trees in the area between the Wall and the green line – to which access is only granted through agricultural gates open on a seasonal basis for farmers who are granted a permit to access their land – had a 60% lower yield than trees on the "West Bank" side, due to farmers' limited access.[65] Furthermore, such restrictions are damaging to the local labour market by adding an element of uncertainty, which depresses investment and limits employment growth. The ability to move freely can change significantly from one day to the next at the sole discretion of the Israeli authorities. On top of

[63] http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_554441.pdf
[64] https://www.ochaopt.org/content/movement-restrictions-west-bank-roads-tightened
[65] https://www.ochaopt.org/content/spotlight-10-years-international-court-justice-icj-advisory-opinion

that, markets in East Jerusalem are becoming severed from the wider West Bank, which further threatens the livelihoods of employers and workers in East Jerusalem.[66]

While East Jerusalem, together with Area C, is considered one of the most targeted areas in the West Bank in terms of coercive polices meant to transfer its population into areas A and B,[67] these policies also affect the wider West Bank.

"De-development in Gaza has become evident as a result of 10 years of blockade, which has stalled economic development and increased poverty levels and negative coping mechanisms such as child labour and early marriage".

In Gaza, where the blockade reached its tenth year in June 2017, most materials for reconstruction and industry are prohibited from entry under the "dual-use" list kept by the Israeli government. Electricity outages reached 20 hours per day in 2017, with a devastating impact on basic service provision.[68] Economically, the capacity utilization of Gaza's economic units (level of output) has contracted to an all-time low of 20%; the monthly average number of truckloads of goods exiting Gaza in 2016 was about 17% of the monthly average before the blockade.[69] De-development in Gaza has become evident as a result of 10 years of blockade, which has stalled economic development and increased poverty levels and negative coping mechanisms such as child labour and early marriage.

The aspect of movement restrictions is one of the key occupation-related policies which disproportionally affects women. While suffering the same restrictions and difficulties as men, movement restrictions compound already existing societal restrictions and therefore particularly limit educational and employment opportunities for girls and women. This in turn renders them more vulnerable to hardship and rights violations; and a cycle of perceived threats against females' personal security results in more social control and confinement to the private sphere.

Palestinians living in Area C do not have the same access to services as those living in the main Palestinian cities and towns, located in Areas A and B. For women, this further limits employment, access to education and health care, the possibility to network with women's organizations or to seek information, support or access to economic empowerment activities. As such, not only do restrictions on movement hinder

[66] http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_554441.pdf
[67] http://unctad.org/en/PublicationsLibrary/gdsapp2012d1_en.pdf.
[68] Goods with primarily civilian use but could also theoretically have military use were prevented from entering the Gaza Strip by the ICO, this also includes "luxury" goods such as chocolates, species, and donkeys. For more information, see http://gisha.org/en-blog/2016/01/31/checking-the-dual-use-list-twice/
[69] http://gisha.org/UserFiles/File/publications/Inside_look_at_gaza/Gaza_in_no.en.pdf

women from accessing income-generating opportunities, they also lead to stronger conservative attitudes and behaviours detrimental to the realisation of women's rights.

In the Gaza Strip, in addition to patients and a small number of business people, Israel normally conditions its permission for Palestinians to leave the Gaza Strip on sponsorship from international NGOs. Restricting travel outside the Gaza Strip is having an increasingly negative impact on women's ability to advance in their professional fields. Before the blockade, in 2005, the rate of unemployment among women in Gaza was 35%. Today, it has almost doubled (65%), compared to 34% among men, as an indirect result of Gaza's stifled economy resulting from a decade-long blockade. Today, being a young woman in Gaza is almost synonymous with being unemployed, as young women between the ages of 15-24 have unprecedented unemployment rates of 86%.[70]

> ***"Before the blockade, in 2005, the rate of unemployment among women in Gaza was 35%. Today, it has almost doubled (65%), compared to 34% among men, as an indirect result of Gaza's stifled economy resulting from a decade-long blockade".*** **(PCBS)**

2.3 Health Services

As the occupying power, Israel is responsible under IHL for the health and welfare of the Palestinian population under its control. This includes ensuring the population's access to adequate medical treatment; providing medical supplies for the population if the resources are inadequate; and safeguarding and maintaining medical establishments and services in the occupied territory.[71]

2.3a Access to Healthcare and Protection of Healthcare Facilities and Personnel

Not only the existence and quality of healthcare but its accessibility is a fundamental element of the right to health. Palestinians increasingly face numerous physical and bureaucratic barriers to accessing effective treatment and care, including restrictions on freedom of movement imposed by the Israeli permit system and impediments on the movement of ambulances through checkpoints.

Palestinians routinely require permission from the occupying power to access appropriate care outside of their region of residence, typically in East Jerusalem, where the most advanced Palestinian hospitals offering specialized services are located. The cost of treatment is covered by the Palestinian Ministry of

[70] http://pcbs.gov.ps/Downloads/book2266.pdf
[71] https://www.map.org.uk/downloads/health-under-occupation-vol-1---access-to-healthcare.pdf

Health (MoH). In 2016, the Palestinian MoH in Ramallah issued 91,927 referrals for patients to access health care outside of their local area, including patients from Gaza referred to the West Bank, and patients from the West Bank and Gaza to East Jerusalem and Israel.[72]

For patients in Gaza, the rate of approval of such permits by Israel has fallen every year since 2012, from 92% in 2012 to 64% in 2016.[73] In 2016, the approval rate for permits for Gaza patients to cross Erez checkpoint was the lowest recorded by WHO since 2008, representing a 15% drop from the previous year: 62.07% of 26,282 permit applications submitted for Gaza patients in 2016 were approved, 6.57% were denied, and 31.36% of applicants did not receive a response to their applications in time for their medical appointments, and had to reapply with new appointments, postponing medical care.[74] Furthermore, many patients and their relatives are obliged to attend an interview with Israeli security agencies, even in their dire health situation. In addition, fewer companions have been receiving permits to accompany their sick relatives. Typically, those approved only know of the decision the evening before they are due to travel, making it a very stressful experience and exacerbating their physical and/or mental health conditions.[75]

As the access to and quality of health care continues to deteriorate in Gaza, referrals to hospitals outside of Gaza increase, particularly for cancer treatment which is not available in Gaza. As of June 2017, in addition to the disruption in services caused by the reduction in the electricity supply to Gaza, 36% of essential drugs were at zero stock, meaning less than a month's supply is available, as were more than 30% of medical disposables.[76] Spare parts for back-up generators and other medical equipment are not available as a result of Israel's "dual-use" restrictions on the entry of such materials, and training and capacity-building of medical staff is hindered as a result of their frequent inability to leave Gaza.

Israel does not allow Palestinians to enter East Jerusalem in Palestinian ambulances with West Bank plates, and they are moved through a "back-to-back" system from the Palestinian ambulance to an Israeli-registered one at the checkpoint. This process causes substantial discomfort and medical risk for patients as they are walked or wheeled between ambulances, sometimes in harsh conditions.

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[72] http://www.emro.who.int/palestine-press-releases/2017/who-releases-latest-health-access-report-for-the-occupied-palestinian-territory-2016.html

[73] MAP, Access to Healthcare, citing WHO

[74] http://www.emro.who.int/palestine-press-releases/2017/who-releases-latest-health-access-report-for-the-occupied-palestinian-territory-2016.html

[75] https://www.map.org.uk/downloads/health-under-occupation-vol-1---access-to-healthcare.pdf Also, in the first five months of 2017 alone, eight Palestinians died after requests to travel outside Gaza for treatment were denied or not responded to in time.

[76] http://www.emro.who.int/palestine-press-releases/2017/who-releases-latest-health-access-report-for-the-occupied-palestinian-territory-2016.html

In addition to limitations created by restricted access, health services and personnel have repeatedly been attacked by Israeli armed forces, with almost absolute impunity. In the three last major Israeli offensives on Gaza between 2008 and 2014, 147 hospitals and primary health clinics and 80 ambulances were damaged or destroyed, and 145 medical workers were injured or killed.[77] As stated by the UN Independent Commission of Inquiry on the 2014 Gaza Conflict, Israel's record in holding suspected wrongdoers to account is "lamentable".[78] As for the West Bank, between October 2015 and January 2016, the Palestine Red Crescent Society (PRCS) reported 335 attacks on its teams and ambulances by the Israel Defense Forces and settlers. The PRCS further reported that 147 paramedics and volunteers were wounded, 94 ambulances were damaged, and that there were 94 instances where its ambulances were denied access.[79] Among several raids by Israeli forces on medical facilities in 2017 in the West Bank was that on al-Makassed Hospital in East Jerusalem on 21 July. The raid violated the hospital's protected status, involved unjustified violence against medical staff and patients, severely compromising patient safety. Officers even obstructed medical care for a patient fighting for his life, who subsequently died.[80]

2.3b Reproductive Health

For women, accessing timely and quality obstetric and reproductive services is a life-saving issue, but within the West Bank, access to these services is impeded by the severe restrictions on movement.[81] The situation is even more challenging in Gaza. After the 2014 military operation, more than 40,000 pregnant women were deprived of access to basic reproductive health services, and around 5,500 deliveries took place in extremely poor conditions.[82] The infant mortality rate – one of the key health indicators in any society – rose for the first time in 50 years, according to an UNRWA survey conducted every 5 years, from a rate of 20.2 per 1,000 live births in 2008, to 22.4 in 2013[83] (this is compared to 3.2 per 1,000 births in Israel in 2015).[84]

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[77] https://www.map.org.uk/downloads/map-ch2--protection-for-healthcare.pdf
[78] http://www.ohchr.org/EN/HRBodies/HRC/CoIGazaConflict/Pages/CommissionOfInquiry.aspx#sthash.aGBO2pWw.dpuf
[79] https://www.safeguardinghealth.org/sites/shcc/files/SHCC2016final.pdf
[80] Physicians for Human Rights Israel, *Report on the Armed Raid on al-Maqassed Hospital* July 21, 2017. http://www.phr.org.il/en/armed-raid-al-maqassed-hospital-report-2017/?pr=6255
[81] OCHA: 2016 "Trends affecting the humanitarian situation in the occupied Palestinian territory".
[82] OCHA, Gaza Crisis Appeal, September 2014 Update.
[83] UNRWA news report, 8 August 2015. For more information see https://www.unrwa.org/newsroom/press-releases/infant-mortality-rate-rises-gaza-first-time-fifty-years and http://apps.who.int/gb/ebwha/pdf_files/WHA69/A69_INF6-en.pdf
[84] http://www.childmortality.org/index.php?r=site/graph#ID=ISR_Israel

2.3c Mental Health

Both physical and psychological wellbeing are equally intrinsic aspects of the right to health. Palestinians are frequently exposed to violent conflict, constant insecurity and significant threats to their mental health and psychological wellbeing. A study of Palestinian adolescents in Gaza conducted after the Gaza 2008-9 offensive, for example, found that 91% had seen mutilated bodies on TV, 86% had heard or seen artillery shelling or jetfighters and 67% had witnessed deaths as a result of rocket attacks. Most reported some symptoms of Post-Traumatic Stress Disorder (PTSD) such as re-experiencing, avoidance or hyper-arousal.[85] Children, in particular, are more vulnerable. Among children living in the areas bombarded, the rate of PTSD has been recorded as 54%. After the 2014 offensive, UNICEF estimated that more than 300,000 children in Gaza required some form of psychosocial care.[86]

A published survey by a group of Palestinian and international academics showed that 78% of Palestinians reported having had their home raided, 62% had been verbally abused, and 43% had been physically assaulted by soldiers or police between 1987 to 2011.[87] In 2013, a large scale study of 3,415 adolescents living in the West Bank found that 23% reported having been humiliated themselves, 67% reported having seen a stranger humiliated, and 29% had seen a family member humiliated in the preceding year.[88]

2.4 Palestinian Children and Youth Under Occupation

In its 2016 oPt Common Country Analysis, the UN Country Team stated that "Palestinian youth face economic and social hardships directly linked to restrictions imposed by the occupation, high unemployment rates (much higher for young women than young men) and lack of influence on decisions that affect their lives".[89]

The chronic high unemployment rate for youth is one of the key manifestations of the aforementioned policies and structural distortions, as outlined in previous sections. However, the impact on youth goes beyond the economic realm. The obstacles to movement and resulting dispossession have led to a territorial fragmentation of Palestinian regions, towns, villages and communities which means that the current generation of young adults have lived most of their lives closed off within their most immediate

[85] https://www.researchgate.net/publication/266684853_Trauma_PTSD_Anxiety_and_coping_strategies_among_Palestinians_adolescents_exposed_to_War_on_Gaza
[86] https://www.savethechildren.org.uk/sites/default/files/docs/Gazas-Children-Falling-Behind.pdf
[87] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4883798/
[88] http://thelancet.com/pdfs/journals/lancet/PIIS0140-6736(13)62579-9.pdf
[89] http://www.unsco.org/Documents/Special/UNCT/CCA_Report_En.pdf

places of residence. The fragmentation is manifested in the lack of knowledge of their peers in the West Bank, including East Jerusalem, and the Gaza Strip.



Hebron, 2016. Credit: AIDA

In a survey covering 3,939 Palestinian women and men in four locations (West Bank, Gaza Strip, Palestinians in Israel and Lebanon), the impacts of this fragmentation and disenfranchisement were evident.[90] The lack of political participation and the failure of political parties to attract or engage young Palestinians led 73% of those between the ages 18-29 to state that they do not trust any of the political

[90] *Palestinian Youth: Studies on Identity, Space and Community Participation*. Birzeit University and the American Friends Service Committee (AFSC).

parties/movements, and illustrates widespread disillusionment with political representation and the failure of the political process of the last 24 years.

Furthermore, Palestinian *children* outside of the main Palestinian cities are not able to exercise their basic right to quality education and a safe learning environment because of the obstacles they face in getting to school. According to the UN, the 50,000 children enrolled in 183 schools within Area C lack sufficient access to education, and over 1,700 children from 37 West Bank communities commute to schools more than 5 kilometres away due to closures, curfews and the permit system.[91] In the first half of 2017, 144 incidents of education related violations - including 24 direct attacks on schools - affecting 18,073 children were reported in the West Bank; the number of cases shows an increase in comparison to the same reporting period in 2016 with 128 registered incidents. In 2016, 256 education related violations affecting 29,230 students, including 63 attacks against schools, were registered.[92]

Detention and interrogation of minors is also a major obstacle to the realisation of their rights.[93] Precise data about the number of Palestinian minors arrested each year is not available, and only the number of minors in detention on the last day of each month is recorded. In 2016, on average, 420 Palestinian children, some as young as 12 years, were detained in Israeli prisons at the end of each month, and were prosecuted in the Israeli military court system with the most common charge being stone throwing.[94] This led to increasing levels of stress, anxiety, depression as well as learning difficulties for those children.[95]

Child labour has become an increasing phenomenon resulting from the worsened socio-economic conditions. Child labour has doubled in the Gaza Strip in the last five years as unemployment continues to rise and economic conditions continue to worsen in the coastal enclave as a result of the blockade. The number of children between the ages of 10 and 17 currently working in Gaza now stands at 9,700, according to the Palestinian Central Bureau of Statistics.[96]

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[91] http://www.unsco.org/Documents/Special/UNCT/CCA_Report_En.pdf
[92] Save the Children monitoring data on children affected by armed conflict (CAAC): protected access to education.
[93] See e.g. B'Tselem, No Minor Matter, July 2011, p. 44 (http://www.btselem.org/sites/default/files2/201107_no_minor_matter_eng.pdf).
[94] http://www.dci-palestine.org/children_in_israeli_detention. It must be noted that the data shows the number of children in detention at the end of each month. Hence, children who were detained for less than a month and not in jail on the last day of the month don't appear in these statistics.
[95] https://resourcecentre.savethechildren.net/sites/default/files/documents/5720.pdf
[96] https://www.unrwa.org/newsroom/emergency-reports/gaza-situation-report-154; http://www.pcbs.gov.ps/post.aspx?lang=en&ItemID=1854

V. The Oslo Accords: Entrenching Dependency[97]

The Oslo Accords, which sectioned the West Bank and have assigned varying forms of governing structures to the different areas for the last 24 years, played a crucial role in further crystalizing the fragmentation of the Palestinian territory. Although promising a safe passage between the West Bank and the Gaza Strip, this was never reliably realized. The lack of a physical link between the two areas alongside the instatement of the permit regime, separated the West Bank and the Gaza Strip, severing family, social and economic ties that were renewed and strengthened during the years when freedom of movement was possible between 1967 and the early 1990s.

Within the West Bank, the limitations on physical and normative space for development set in stone by the Oslo map locked Palestinian development into Areas A and B and smothered Palestinian society and economy. The physical fragmentation has contributed to the fragmentation of the normative space as well, meaning hope for a contiguous, viable Palestinian state and a political resolution of the conflict and occupation is further receding out of sight. As a result, an indefinite extension of the interim context of the Oslo Accords has effectively led to the entrenchment of occupation rather than the gradual transfer of authority to the PNA and the end of Israeli control. Had control been transferred to the PNA within a five-year period, as set out in Oslo, a planning system could have been put in place which would enable Palestinians to build and expand in Area C without facing the risk of demolitions, as well as increase economic and livelihood opportunities.

A World Bank report from 2013 stated that freeing economic activity in Area C would have a positive effect on the development of businesses in agriculture and Dead Sea minerals exploitation, stone mining, quarrying, construction, tourism, and telecommunications, and estimated that government revenues would increase by $800 million, which would cut the fiscal deficit by half, and potentially reduce the need

"The physical fragmentation has contributed to the fragmentation of the normative space as well, meaning hope for a contiguous, viable Palestinian state and a political resolution of the conflict and occupation is further receding out of sight. As a result, an indefinite extension of the interim context of the Oslo Accords has effectively led to the entrenchment of occupation rather than the gradual transfer of authority to the PNA and the end of Israeli control".

[97] It is relevant here to mention that with regards to any agreement between the PLO and Israel, Article 8 of the Fourth Geneva Convention clearly stipulates that "Protected persons may in no circumstances renounce in part or in entirety the rights secured to them by the present Convention, and by the special agreements referred to in the foregoing Article, if such there be."

for donor support, as well as lead to reductions in unemployment and poverty rates.[98] Furthermore, after the Oslo Accords the number of Israeli settlers in East Jerusalem and Area C more than doubled from around 260,000 to 588,000.[99]

Since 2007, the divide between Fatah and Hamas – manifesting itself in the administrative and legal separation between the West Bank and the Gaza Strip – has become an additional challenge for Palestinians in their efforts toward state-building and socioeconomic development. In 2017, the Hamas-led government in Gaza established the "Administrative Committee" which was seen by the PNA as a unilateral measure undermining its authority. As a response, the PNA decided to curtail public servants' salaries and payments for Gaza's electricity, further exacerbating the humanitarian situation, and leading the UN to reiterate its earlier warning that the Gaza Strip might well be "unliveable" by 2020, if not already.[100]

The Israeli blockade on Gaza coupled with the political fragmentation has had an enormous socioeconomic impact on the people of Gaza, where the unemployment rate in 2016 reached 42% (60% for youth under 25 years), 80% of the population relies on some sort of international aid, and, since April 2017, in most days electricity supply is down to two to four hours a day.[101] In July 2016, the United Nations Relief and Works Agency (UNRWA) stated that "while in the year 2000, UNRWA provided approximately 80,000 refugees in Gaza with food assistance, this number has increased to more than 930,000 today".[102]

Apart from the continuation of the same structural distortions and dependency on the Israeli goods and labour market, a new shape of control took place in the form of withholding the important fiscal resources which are first and foremost used to pay the salaries of a quarter of the Palestinian labour force.[103] According to the economic agreements between Israel and the Palestinian Liberation Organization (PLO), Israel is responsible for collecting value added tax (VAT), import taxes and other taxes on behalf of the PNA, and is obliged to settle accounts monthly. These taxes constitute two thirds of the PNA fiscal revenue, and have been repeatedly withheld by Israel as a pressure mechanism. The most recent incident involved Israel withholding the transfers for 4 months during 2015 after the PNA decided to sign a number

[98] http://documents.worldbank.org/curated/en/137111468329419171/pdf/AUS29220REPLAC0EVISION0January02014.pdf
[99] http://www.btselem.org/settlements
[100] https://unsco.unmissions.org/sites/default/files/gaza_10_years_later_-_11_july_2017.pdf
[101] ibid
[102] https://www.unrwa.org/newsroom/press-releases/khalifa-bin-zayed-al-nahyan-foundation-continues-supporting-iftar-palestine
[103] http://eprints.lse.ac.uk/54171/1/Tartir_Policy_Brief_Oslo%27s_failed_aid_model_2013.pdf

of international treaties, including the Rome Statute which governs the International Criminal Court (ICC).[104]

However, there are significant leakages from those taxes which should be transferred to Palestinians. When products are declared as destined for the oPt, the PNA is obliged to pay a high handling fee of 3%. In 2014, this fee amounted to $63 million, an equivalent of 30% of the Israeli Customs and VAT Department budget, despite Palestinian imports representing a mere 6% of total imports handled by the department.[105] The hefty procedures and long processing times applied only to imports destined for the oPt (compared to those destined for Israel) which led to the rise of the phenomenon of *indirect* imports.[106] Furthermore, Israel does not transfer the total income tax and health insurance fees it collects from Palestinians working in Israel and Israeli settlements, nor does it respect the agreed distribution of the exit fees imposed on Palestinians leaving the West Bank via the Allenby Bridge with Jordan.[107]

A World Bank report from 2016 estimates the average annual amount of this fiscal leakage to be $285 million. The report acknowledges this figure does *not* include the transfer from taxes collected by Israel in Area C, *nor* does it include the $669 million of revenues owed to the PNA and Palestinians working in Israel only between 2006 to 2013.[108]

The constraints imposed by the Israeli occupation on the Palestinian economy have been a constant, in a shifting legal and political reality. The period 1967-1993 manifested the imposed integration with severe regulatory impediments, then this was replaced in 1994 by a largely unfavourable territorial setting. The continuation of Israeli restrictions and the neo-liberal economic policies adopted by the PNA have only entrenched some of the structural distortions from the previous era. At the same time, productive sectors in the economy have continued to diminish as the structure of the economy shifted to the service sector; the contribution of agriculture and manufacturing to output decreased from 27% in 1996 to 14% in 2015, similarly those sectors employed 21% of the Palestinian labour force in 2016 compared to 29% in 1996.

[104] http://www.reuters.com/article/palestinians-economy-westbank-idUSL6N0WR2H320150325
[105] http://documents.worldbank.org/curated/en/780371468179658043/pdf/104808-WP-v1-2nd-revision-PUBLIC-AHLC-report-April-19-2016.pdf
[106] Given there is no Palestinian official presence on points of entry, and since Israeli importers are not required to declare the destination of their shipments, they illegally smuggle a portion to Palestinian merchants via Area C and any taxes are solely due to the Israeli customs.
[107] http://documents.worldbank.org/curated/en/780371468179658043/pdf/104808-WP-v1-2nd-revision-PUBLIC-AHLC-report-April-19-2016.pdf
[108] Ibid.

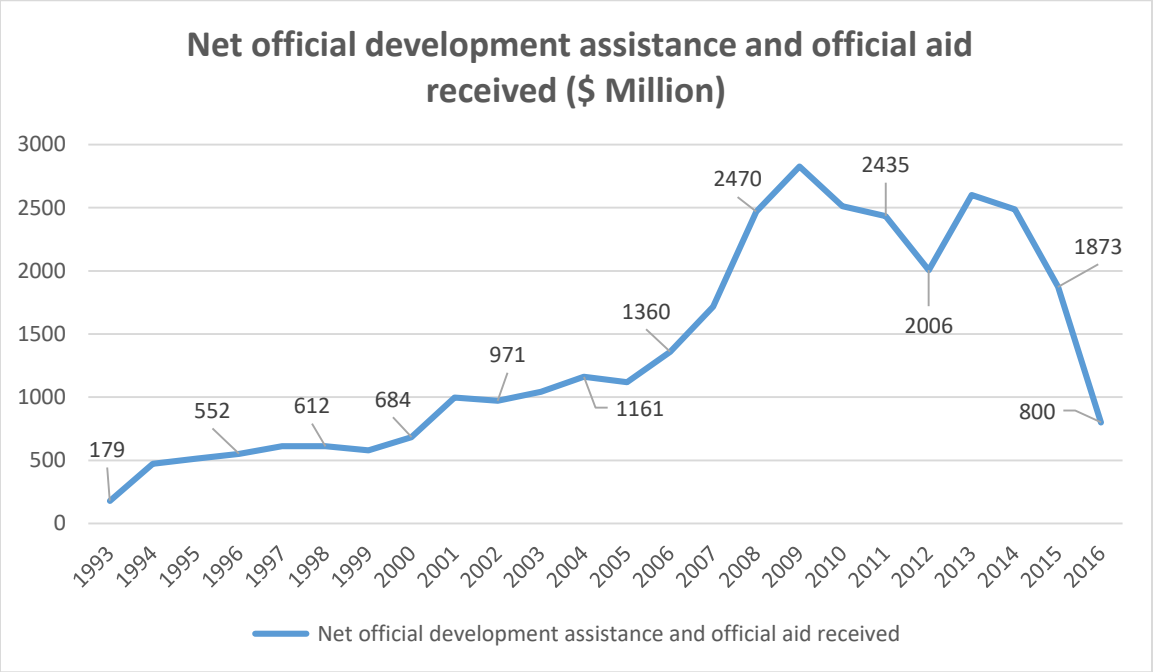
Table (2)

Year	Productive Sectors Contribution to Output (%)	Productive Sectors Contribution to Employment (%)
1970	40	52
1987	28	39
1991	24	41
1996	27	29
1999	21	28
2002	17	28
2006	15	29
2011	18	23
2015	14	21

Source: PCBS, National Accounts at Current and Constant Prices: 1996-2015 and Farsakh, Leila (2005), Palestinian Labour Migration to Israel (table 2.2)

The internal capacity for employment in the local economy was also not strengthened in the post-Oslo period. This is apparent from the fragile employment figures. The Palestinian labour force relies heavily on the public sector (almost completely funded by international aid for the last 17 years) and work in Israel and the settlements which *together* employed between 30% and 45% of the labour force in the last 20 years. As a result, and as table (2) above illustrates, unemployment levels are still strongly correlated with the possibility to work in the Israeli economy. Moreover, a new distortion was created after Oslo by creating a new type of dependency on international aid.

Figure (2)



Source: World Bank, World Development Indicators (1993-2016)

This report acknowledges the responsibility of other duty bearers aside from the occupying power, including the international community and unquestionably, the PNA. However, the scope of the report revolves around occupation-related policies. It is also worth noting at least in passing, that the PNA has to a large extent been forced by its donors to adopt a series of *neoliberal* and fiscal *austerity* measures. This is partly due to the fact that in accordance with the Oslo Accords, although Israel did not hand over the promised power and control to the PNA, it transferred a tremendous financial burden to the PNA, forcing it to rely on grants and loans from the international community and international financial institutions to cover its own wage bill.

International aid comes with conditions, such as recommendations or requirements to tighten fiscal spending leading to series of austerity measures, most recently targeting social spending. In its report of September 2016, the World Bank praised the PNA for being on-track in terms of limiting medical referrals to Israel, reforming the pension system, and the reduction in the size of *net lending*, referring to subsidizing utility bills of marginalized municipalities and refugee camps covered by the PNA, further compromising their already vulnerable status.[109]

[109] http://documents.worldbank.org/curated/en/474311473682340785/pdf/108205-V2-WP-PUBLIC-SEPT-14-2PM-September-2016-AHLC-World-Bank-Report.pdf

Such realities make it clear that in the twenty-four years since the signing of the Oslo Accords, they have seemingly entrenched the Israeli military occupation of the Palestinian territory instead of leading to the creation of an independent Palestinian state. The failure to reach an agreement on final status issues has simultaneously left the framework of Oslo in place while keeping the occupation fully intact; the result of which is a deteriorating and dependent Palestinian economy, a Palestinian National Authority reliant on external funding and with limited administrative control over its own territory, and deepening fragmentation of the West Bank, including East Jerusalem, and the Gaza Strip. Meanwhile, Israel continues to violate its obligations under International Humanitarian Law and International Human Rights Law. After being in effect for nearly half the duration of Israel's military occupation of the oPt, it is clear that the Oslo framework, in its partial implementation, is not bringing the occupation to an end.

VI. Conclusion

The impact of 50 years of Israeli military occupation of the oPt has been devastating. From an economic/developmental perspective, the occupation has exploited the natural and human resources of the Palestinian people and placed numerous constraints on investment and capital formation. Productive sectors, including agriculture and manufacturing have diminished; the two sectors contributed to 40% of output (GDP) and 52% of employment in 1970. They contribute a mere 14% of output and 21% of employment in 2016.

The economy of the oPt transformed from a productive economy which produced (and exported) its own goods to a consumer economy with the clear majority of goods imported from and through Israel. The trade deficit (imports minus exports) rose from $54 million in 1970 and $511 million in 1986 to $1.67 billion in 1996 and $4.26 billion (34% of GDP) in 2015.

"Ending the Israeli military occupation of the oPt is the only way to ensure the creation of a thriving and vibrant Palestinian state. Allowing the occupying power to continually violate its obligations under International Humanitarian Law and International Human Rights Law will only entrench the unsustainable structural distortions leading to further Palestinian exploitation, deprivation and dispossession. After 50 years of occupation, it is time for it to end".

Since the Israeli labour market opened its doors for Palestinian workers, the labour force remained highly dependent on external factors; work in Israel and Israeli settlements employed between 10%-35% of the workforce during the last 50 years. Later on, the public sector (of which the wage bill is almost completely reliant on international aid) hired another 20-25% of the workforce. Because of this dependency, and Israeli restrictions on investment, building of infrastructure, trade and movement, unemployment rates skyrocketed to above 30% in 2002 and have not registered below 20% in the last 16 years.

The consequence of Israeli policies and the resulting structural distortions has been a diverging path for the Israeli and Palestinian economies; the *difference* between GDP per capita for the Israeli and Palestinian economies increased from $1,500 in 1967 to $35,000 in 2015.

50 years of occupation have not just affected the economy of the oPt and sparked de-development of the territory, as illustrated in this report, but has also had a detrimental impact on the realisation of Palestinian's basic human rights. Over the course of 50 years of occupation, respect for international law has eroded. Israel's conduct as an occupying power has further entrenched a number of IHL violations, including movement and access restrictions to essential services such as health care, and has created a coercive environment placing people at risk of forcible transfer. By continuing to transfer its own civilian population into occupied territory by constructing illegal settlements and through the imposition of its unlawful blockade on Gaza, Israel is not only violating international law but is also shirking its responsibilities under IHL to see to the wellbeing of the protected population.

It is clear that the last 50 years of Israeli military occupation of the oPt have created an unsustainable situation, as the alarming humanitarian situation on the ground illustrates. Surely, humanitarian assistance to vulnerable Palestinians must continue until self-sufficiency is achieved. However, the provision of humanitarian assistance *ad libitum* without any political resolution in sight is untenable. As this report has argued, the structural distortions from the dependent relationship between Israel and the oPt are the main cause of the maladies plaguing the Palestinian economy. Ending the Israeli military occupation of the oPt is the only way to ensure the creation of a thriving and vibrant Palestinian state. Allowing the occupying power to continually violate its obligations under International Humanitarian Law and International Human Rights Law will only entrench the unsustainable structural distortions leading to further Palestinian exploitation, deprivation and dispossession. After 50 years of occupation, it is time for it to end.



Khuzaa, Gaza, 2014. Credit: AIDA