



DIVISION FOR
PALESTINIAN RIGHTS

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on action by the United Nations system and
intergovernmental organizations
relevant to the question of Palestine

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I. IMF REPORTS PALESTINIAN ECONOMY IS ENDURING A FISCAL CRISIS, ECONOMIC OUTLOOK IS DIRE

On 2 May 2022, the International Monetary Fund published its [report](#) to the Ad Hoc Liaison Committee's (AHLC) meeting. The "key issues" section of the report is replicated below.

The Palestinian economy is enduring a fiscal crisis and the economic outlook is dire. Against the background of repeated political and security shocks, the combination of the COVID-19 pandemic and spending priorities have driven deficits to unprecedented levels. With limited financing options, the authorities have accumulated large domestic arrears. Public debt (including arrears) increased from 34.5 percent of GDP in 2019 to 49.3 percent of GDP in 2021. The fiscal challenges are largely structural in nature. Under unchanged policies, the economic outlook is dire with debt on an unsustainable path and per capita GDP projected to decline. This is against the backdrop of already persistently high unemployment and poverty, particularly in Gaza.

Overcoming these challenges will require transformational reform with efforts required from the Palestinian Authority (PA), Israel, and the donor community. The PA needs to implement spending reform centered on the wage bill, health referrals, pension transfers and net lending, further increase tax revenue, and undertake structural reform. Working together, the Government of Israel and the PA would need to resolve fiscal leakages to boost revenue and reduce impediments to the movement of goods and people to unleash the economy's growth potential. An increase in donor flows would meanwhile help ease the burden on the population during the transition of the economy to a more sustainable footing. A comprehensive and joint effort would strengthen macroeconomic stability and pave the way for faster economic growth, job creation and poverty alleviation.

This IMF report to the AHLC is the first since September 2018. Following limited engagement over the past three years, policy discussions have intensified in recent months. These discussions have focused mainly on establishing a medium term macro-fiscal framework, including the broad outlines of a reform scenario.

[Editor's Note: The IMF report is available in the [UNISPAL database](#).]

II. UN RESIDENT AND HUMANITARIAN COORDINATOR IN THE OPT ON MASAHER YATTA EVICTION

On 5 May 2022, the United Nations Resident and Humanitarian Coordinator in the Occupied Palestinian Territory, Lynn Hastings, issued the following [statement](#).

On 4 May 2022, the Israeli Supreme Court rejected the petitions against eviction orders of the residents of Masafer Yatta in the occupied West Bank. The decision affects over one thousand Palestinians, including 500 children in the occupied West Bank and allows for the eviction of the residents. As all domestic legal remedies have been exhausted, the community is now unprotected and at risk of imminent displacement.

Any such evictions resulting in displacement could amount to a forcible transfer, contrary to resolutions of the United Nations Security Council and international law. I reiterate the calls of the

United Nations Secretary-General on Israel to cease demolitions and evictions in the Occupied Palestinian Territory, in line with its obligations under international law.

III. WORLD BANK: THE PALESTINIAN ECONOMY WILL CONTINUE TO OPERATE BELOW POTENTIAL WITHOUT CONCRETE POLICY ACTIONS

On 9 May 2022, the World Bank issued the following [press release](#) on its upcoming report to the Ad Hoc Liaison Committee (AHLC) donors' meeting.

Despite signs of recovery after the easing of COVID-related measures, the fiscal situation remains highly challenging due to the accumulation of large arrears and very low aid. In addition, the COVID-19 pandemic had a severe impact on the well-being of Palestinians and led to the emergence of newly poor Palestinians, as well as a broad increase in the vulnerability to food insecurity. The outlook remains precarious, and efforts are needed to place the Palestinian economy on a sustainable trajectory.

[The Palestinian Economic Monitoring Report to the Ad Hoc Liaison Committee \(AHLC\)](#) will be presented in Brussels on May 10, 2022, during a policy-level meeting for development assistance to the Palestinian people. The report highlights the critical challenges facing the Palestinian economy and the required fiscal reforms. It also outlines the key areas in which Palestinian lives have been impacted by the pandemic and its restrictions.

“Despite impressive fiscal consolidation efforts over the years, the size of the fiscal deficit has remained large. Given a sharp decline in aid from 27% of GDP in 2008 to 1.8% in 2021, the Palestinian Authority (PA) has accumulated a large stock of arrears to the private sector, the pension fund, and domestic borrowing. As domestic financing options are no longer possible, pressing on with priority reforms to increase revenues and improve fiscal sustainability is very important,” said **Kanthan Shankar, World Bank Country Director for West Bank and Gaza.**

After one of the biggest recessions on record, when the economy shrank by 11.3% in 2020, the growth rate reached 7.1% in 2021. This increase was mainly due to higher consumption in the West Bank following the easing of COVID-related measures and the increase in the number of Palestinians working in Israel and the settlements. Gaza's recovery was slower given the May 2021 conflict. Despite the economic recovery, the management of fiscal policies remained challenging as the size of the deficit before aid reached US\$1.26 billion while aid hit a record low of only US\$317 million in 2021. Consequently, the PA had to rely on domestic resources to finance its needs and has also been paying partial salaries since November 2021.

Economic growth and the PA's revenues remain below potential due to movement and access restrictions, including in Area C. Palestinian external trade is controlled by Israel and is subject to costly non-tariff barriers that have reduced competitiveness. Furthermore, the Israeli closures on Gaza has resulted in an almost completely closed economy. The fiscal deficit (before aid) is expected to remain large in 2022 at 5.1% of GDP.

To help achieve fiscal sustainability, the report calls on the international community to provide budget support and urges greater efforts by the PA to pursue reforms in revenue and expenditure. However, reforms need be carried out gradually to avoid negative social implications, especially

in the post-pandemic context. For example, revenue reforms should initially focus on high earners who are not fully paying their dues. The report also recommends that the PA revisits expenditure on the wage bill, improves value for money in the health system, better manages the public pension fund, and reduces net lending.

While PA reforms are necessary to reduce the size of the fiscal deficit, they are not sufficient to secure sustainable development. Cooperation by the Government of Israel (GoI) is essential to increase revenues. Granting Palestinian businesses access to Area C could increase the PA's revenues by 6% of GDP. The GoI could regularize and systematically transfer the monthly PA's share of Allenby Bridge exit fees. Renegotiating down the 3% handling fee charged by the GoI to handle Palestinian imports is also a priority. The report commends the recent implementation of a pilot for an e-VAT system, whereby traders are granted the option to issue transaction receipts digitally. This important step for cooperation on fiscal matters could further be consolidated so that both interfaces are linked in real-time.

“In an already weak economy being also hit by COVID19, the impact on Palestinian livelihoods and welfare has been aggravated. The pandemic has not only reinforced previous vulnerabilities but has led to the emergence of a substantial number of newly poor Palestinians. The World Bank report provides an analysis of the impact of COVID-19 on poverty. This is critical as the analysis helps identify the most prevalent vulnerabilities and guide future interventions to support more resilient livelihoods,” added **Shankar**.

At the peak of the lockdown and economic restrictions, around 110,000 additional Palestinians entered poverty. The new poor were concentrated in rural areas of the West Bank and were more likely to be living in female-headed households. With 20% of previously employed main income earners losing their jobs, income fell in more than 60% of Palestinian households during the height of the pandemic.

The report also indicates that there is a broad vulnerability to food insecurity because of the pandemic even in relatively better-off households in the West Bank. Children in the poorest households faced the biggest difficulties in accessing education during lockdowns, mainly because of a lack of internet connectivity.

IV. AD HOC LIAISON COMMITTEE OF DONORS MEETS IN BRUSSELS

The following is the [Chair's summary](#) of the meeting of the Ad Hoc Liaison Committee (AHLC) in Brussels, on 9-10 May 2022. It was chaired by the Minister of Foreign Affairs of Norway Ms. Anniken Huitfeldt and the host was the High Representative of the European Union for Foreign Affairs and Security Policy Mr. Josep Borrell Fontelles.

The AHLC met in Brussels on 9-10 May 2022. The delegations participated in working sessions led by Germany, the United Kingdom and the Netherlands, as well as two side events, on energy and cancer treatment in Gaza. The Chair thanks the Parties for constructive participation and [IMF](#), [OQ](#), [UNSCO](#) and [WB](#) for their reports.

The AHLC was established to promote cooperation between the parties and the donor community in support of the two-State solution, development of the Palestinian economy, and institution-building for a Palestinian state.

The Palestinian Authority's financial situation is dire. Full salaries have not been paid to its civil servants since October last year. UNRWA's persistent budget shortfalls is aggravating the situation. The budget contributions from the donors are at an historic low.

At the AHLC meeting in Oslo last November, both Parties expressed willingness to further develop their cooperation with the aim to bring the PA on a sustainable fiscal path, improve the living conditions, and strengthening the institutions. In Brussels, the AHLC took stock of progress in the fiscal and economic areas, in addition to water and energy. The cooperation between the Parties is progressing better than for a long time. Donors called on the Parties to use the improved dynamics to secure tangible outcomes.

Structural and other known constraints for a sustainable development of the Palestinian economy remain. The partners called on the Parties to implement priority reforms and take measures to further empower the Palestinian Authority including by transferring further sector authority to the PA. They urged for further reforms of their economic ties, and to allow access for Palestinians to their land and resources.

Ahead of the next meeting in September, the partners will work with the Parties to prepare a policy package of the incremental, durable, and meaningful steps with commitments for their implementation. This policy package will build on the outcomes from Brussels.

The Working Groups gave the following reports, agreed between the parties, from their discussion. The AHLC chair and the Working Group facilitators will continue to engage locally with the Parties to monitor and help make progress on this working program.

On PA's fiscal prospects and its reform agenda (moderator Germany)

1. The participants commended the PA's management of the budget, including by temporarily reducing public salaries as a transitory emergency measure.
2. The PA committed to implement major reforms:
 - Reducing the wage bill to 70% of revenues in 2022 and within rational practice standards by end of 2023, including an overhaul of the public sector employment scheme;
 - Revenue reform during 2022-2026, including by reforming the taxation system and combating tax evasion;
 - Specific proposals for reform in key policy areas including the health system, administrative reform, net lending, and subsidies.
3. The broader reform agenda was presented by the PA for the AHLC.

4. The PA invited AHLC members to validate and support the fiscal reform agenda, explore co-financing incentives for early retirement and other transitory measures, and to provide advice on reforms of the social security system including health insurance and pensions.

5. Some AHLC members' expressed readiness to continue to advise the PA's public financial management, engage in intensified monitoring, support a sustainable funding system for the East Jerusalem Hospitals, and use budget support to provide incentives needed for the implementation of the wage bill reform.

6. The PA committed to intensify their discussion on policy reform with the IMF and other partners, as a step towards developing a monitoring framework that includes commitments of all parties

On fiscal files and banking relations (moderator The United Kingdom)

1. E-VAT. IL and the PA commit to resolving the outstanding issues related to the integration of the electronic systems. If the pilot is agreed to be successful by both sides, IL will encourage greater uptake of the electronic mechanism by Israeli businesses. IL and the PA agree to continue to work in accordance with agreed-to procedures ('Document 4') throughout the pilot. IL and the PA will look to formally sign an agreement on procedures after the pilot ends with the required adjustments according to the pilot results agreed by both sides. IL and the PA agree to review the E-VAT pilot by the end of September 2022 with a view to decide how to proceed towards full implementation, including regulatory requirements to make the system mandatory for all Israeli businesses. The UK commit to providing technical assistance to support the initiative.

2. Handling fee. IL and the PA agree to discuss the handling fee on PA fuel purchases at upcoming MOF-to-MOF meetings, with an aspiration for a decision to be made before September 2022.

3. Allenby Bridge Crossing Fees. IL and the PA agree to discuss the issue of Allenby Bridge crossing fee revenues, including a mechanism for setting and sharing future crossings fees, with an aspiration for a decision to be made before September 2022.

4. Transparency. IL and PA commit to continuing discussions on information to be shared between them, with an aim to share more information on income tax payments and on Gaza.

5. Customs transfer/bonded warehouses. IL intend to share a draft MOU with the PA by June 2022. IL and the PA agree to detailed technical level discussions about the MOU including the scope of transfer, procedures and warehouse locations. UK commit to providing technical assistance to support an agreement between the parties.

6. Electronic payment of salaries to workers in Israel. IL and the PA commit to continuing the expansion of the electronic bank payments to West Bank Palestinian workers in Israel.

7. Correspondent Banking. PA commit to undertaking the MENAFATF assessment, beginning in August 2022. The IMF commit to providing technical support ahead of the assessment and any necessary support required following the evaluation. IL and the PA commit to continuing efforts to establish a long-term solution to the issue of correspondent banking relations,

including by ensuring comprehensive discussions between the Bank of Israel (BOI) and the Palestinian Monetary Authority (PMA). UK is willing to work with the IMF to host these discussions.

On water and trade (moderator The Netherlands)

On water

1. Israel, the PA and the donors are expected to continue to meet in bilateral, trilateral and multilateral formats to address outstanding issues and implement next steps under the joint water agenda.

2. Donors recognized the water agenda as a catalyser to strengthen water security, mitigate environmental pollution, expand re-use capacity, adapt to climate change and enable socio-economic development.

3. Several strategic projects have been prioritized to be advanced this year as part of a programmatic approach

- Transboundary wastewater agenda of the Tulkarem east/west project.
- Enabling drinking water supply systems related to the As Samoua connection point.
- Implementation of five groundwater wells to mitigate urgent water shortages.
- Addressing financial needs arising from water sector damage assessments in Gaza.

4. The Chair calls upon the donors to cover outstanding funding gaps for the projects outlined in the joint concept note and in PWAs list of priority projects, and the Parties to proceed with all necessary agreements. Several donors expressed commitment to bridge funding needs.

5. The Chair calls on Israel to provide timely approvals for water infrastructure components, improve transparency on deductions and to move from a project-by-project approach towards programs and pipelines under mutual agreement.

6. PA is expected to realize the aspired infrastructure, sustain progress on the reform agenda while improving capacity and ensuring financial sustainability in the water sector.

On trade

1. The Parties expressed a need and interest in developing a **conveyor** belt at Allenby/KHB to reduce traffic and waiting times at the crossing. The EU expressed an interest in engaging in discussions on this project and the need to link it up with the PPP project on the KHB.

2. Jordan expressed an interest in further developing KHB and expects to sign a **PPP concession** by Q1 2023. Jordan will follow up on the items under the high-level Committee with the PA and discuss KHB/Allenby working times with Israel, in coordination with the PA.

3. The Chair calls upon the Parties to further look into the potential benefit of **Direct Transfer between the West Bank and Jordan**. The OQ is ready to assist the Parties with technical analysis.

4. The Parties will work on expanding **containerization** at Allenby/KHB and include 40 ft containers. The UK and the EU expressed readiness to support. The PA and donors expressed the need to allow for unpalletized containerization.

5. The Chair noted the recent positive steps with **material access in Gaza** a.o. in the fishery sector, while highlighting the need to strengthen policy dialogue between the Parties on imports and exports, including on dual lists and the GRM. IL expressed openness to also look at better material access in agriculture, health and industry through the GRM. UNSCO, Germany and others stressed the need for increased transparency and efficiency around material access, including in the GRM.

6. **The Joint Economic Committee** (JEC) did not take place. The PA reiterated the importance of the JEC and referred to the Chair conclusions of Oslo. The Parties underlined the need for dialogue on free movement of goods and persons, reducing transactions costs and updating the A1, A2 list.

On energy (the EU)

1. On the approval of permits for renewable energy investments in West Bank, parties agreed to meet regularly in an informal set-up facilitated by the Office of the Quartet as from July 2022 and to hold a Dutch led trilateral meeting, before September 2022. In parallel the Palestinian Authority will identify new projects amounting to around 200MW by September 2022.

2. On Gas for Gaza, parties agreed to finalize the investment plans for the evacuation and distribution of electricity (Associated Works) with the support of the World Bank and to hold a local donors' outreach event before September 2022 and target a pledging conference in the context of the COP27 in Sharm-Al-Sheik.

3. On Gas for Gaza, Israel will work to finalize the detailed design of the pipeline on Israeli side and confirm the crossing-point before July 2022; while the Palestinian Authority will aim to sign the commercial agreements (GSPA and PPA) by the September 2022 and finalize the framework Hydrocarbon law by November 2022.

V. UNSCO CALLS FOR A MORE STRATEGIC APPROACH TO PALESTINIAN ECONOMIC AND FISCAL SITUATION

On 10 May 2022, the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) issued the following [press release](#) on its [report](#) to the Ad Hoc Liaison Committee (AHLC) donors' meeting.

A newly published United Nations report highlights the urgency of adopting a more strategic approach to address the economic and fiscal crisis faced by the Palestinian Authority and Government. It urges a coordinated and integrated response to resolve this precarious situation.

The report, issued by the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) for the upcoming meeting of the Ad Hoc Liaison Committee (AHLC) in Brussels on 10 May 2022, warned of an uncoordinated approach to address the current political,

economic and security challenges in the Occupied Palestinian Territory (OPT) which only risks perpetuating a continuous cycle of crisis management.

The report notes some improvements in the situation since the last meeting of the AHLC in November 2021. Some trends point to increasing activity and integration between the Israeli and Palestinian economies, particularly with respect to expanded access to the Israeli labor market. The number of workers crossing from the West Bank into Israel have increased to 153,000. Some 20,000 permits for Palestinians in Gaza to enter Israel for work or trade have been approved, with nearly 12,000 issued thus far. Trade in goods from the West Bank and from Gaza are higher than in many years, with this trade going mostly to Israel.

This increase is due to some recent Israeli decisions to make some improvements to access and movement. The report notes that such initiatives will improve Palestinian livelihoods and ease tensions in the short term. Nonetheless, increasing economic integration requires updating the regulatory framework governing the relationship between the Israeli and Palestinian economies, or risks exacerbating asymmetries.

The report also highlights that in the West Bank, the space for Palestinian economic activity, most notably in Area C, does not allow for needed Palestinian economic growth. Israeli movement and land-use restrictions, continued settlement activity and expansion, and the lack of Israeli-issued building permits, which are nearly impossible for Palestinians to obtain, underscore this negative development.

Improved Palestinian access to Area C and allowing Palestinians to address their development needs would have a positive impact on Palestinian economic development. The sectors that would benefit most are agriculture, minerals, mining, construction, tourism, and telecommunications.

The report notes that economic steps alone, including Palestinian fiscal reforms and further easing of Israeli access and movement restrictions — while essential and desperately needed — will not sustainably address the multiple crises facing the PA. The report calls on all actors to push beyond a conflict-management paradigm to a conflict resolution paradigm. United Nations Special Coordinator for the Middle East Peace Process, Tor Wennesland, stated that “With this perspective, there are measures that can be taken immediately to improve the situation. There is a need for a package of incremental, durable, and meaningful steps that would reflect a more coherent strategy to strengthen the Palestinian Authority and clearly chart the way toward a two-State solution. Getting there requires political leadership.”

The report urges Israelis, Palestinians, regional States, and the broader international community to take concrete steps to encourage the parties to further engage with each other and the international community with this goal in mind.

[Editor’s Note: The UNSCO report is available in the [UNISPAL database](#).]

VI. REPORT OF OFFICE OF THE QUARTET TO AD HOC LIAISON COMMITTEE

On 10 May 2022, the Office of the Quartet issued its [report](#) to the Ad Hoc Liaison Committee's (AHLIC) meeting. The executive summary of the report is replicated below.

This report identifies progress achieved since the Office of the Quartet's (OQ) Fall 2021 report to the *Ad Hoc* Liaison Committee (AHLIC) and the critical next steps that are now required.

The **water** sector saw a combination of challenges and progress during the reporting period. Despite the initial quick response from the international community following the escalation in Gaza in May last year, efforts have slowed, with an outstanding funding gap of 20 million USD out of the identified need for 30 million USD. In addition, there is a need for the Government of Israel (GoI) to increase the pace of approvals for the entry of critical materials, mainly electromechanical and chemical materials. Progress in implementing the Associated Works (AW) for the Gaza Central Desalination Plant (GCDP) continued with the completion of the Bani Said and Bani Suhaila connection points, allowing for the absorption of up to 10 million cubic metres/year (MCM/Y). Supply from Mekorot over these two connection points is currently flowing at a rate of approximately 600 cubic metres per hour. The tender process for two additional components of the AW is advancing, whilst construction of the AW package for a reconfiguration system in the Middle Area of Gaza has started. There have, however, been delays in finalizing the funding and procurement processes for the GCDP. All wastewater treatment plants (WWTP) continue to operate at full capacity with the exception of Khan Younis WWTP due to limited inflow of wastewater for treatment. Funding of approximately 74 million USD is needed to enhance the capacity of the wastewater treatment infrastructure in Gaza and to bridge the funding gap for operation and maintenance costs for water and wastewater facilities. In an encouraging development, the Joint Water Committee met in January of this year, the first such meeting since 2018, and provided an in-principle approval for the Tulkarem WWTP as well as agreeing to supply an additional 18-25 MCM/Y through the As Samoua connection point from Israel. The GoI approved a needed trunkline from the Al Bireh WWTP to Al Auja to implement a proposed reuse scheme, whilst in-principle approvals from the GoI for the remaining items in the Water and Wastewater Packages, which faces a 525 million USD funding gap, are still outstanding. In order to ensure the viability of the sector, GoI facilitation is needed to enable the import of prepaid water meters while a reconsideration of the decision to impose fees on the construction of pipelines in Area C is strongly encouraged. The Palestinian Authority (PA) has advanced its water reform agenda; meeting the timetable for achieving outstanding milestones is strongly encouraged.

In the **energy** sector, progress on the Gaza for Gaza (G4G) project continued, including on the detailed design in both Israel and Gaza. The Environmental and Social Impact Assessment in Gaza is also progressing well, with the first phase being completed this quarter. Financial and political support from Qatar and the European Union for the project remains strong with commitments of 60 million USD and 20 million EUR respectively, subject to a set of conditions. Recent Memorandums of Understanding on G4G entered into by Qatar, the PA, the Gaza Electricity Distribution Company and the owners of the Gaza Power Plant (regarding guarantees, conversion and expansion of the plant, electricity payment collections and a commitment to upgrade the Gaza electricity grid) should now pave the way for a finalization of the Gas Sales and Purchase Agreement as well as the Power Purchase Agreement. Completing these agreements remains critical for gas to be supplied to Gaza by the end of 2024. Finalizing energy sector reform efforts

will be important as well. In addition, a feasibility study to evaluate a gas connection to the GCDP is currently underway, led by the Palestinian Energy and Natural Resources Authority with Palestinian Water Authority support. For all energy projects in Gaza, it is critical that the electricity grid is upgraded to enable evacuation of additional electricity, including from the G4G project and other sources. To this end, a roadmap should ideally be presented in the coming weeks by the PA followed by funding commitments. The PA also continued to advance the development of renewable energy in Gaza and the West Bank with materials for the construction of the Khan Younis solar photovoltaic (PV) site expected to arrive this quarter. Furthermore, it will be necessary to examine the electricity grid requirements in Gaza to support the establishment of utility scale solar PV sites. In the West Bank, there is increased momentum for renewable energy projects, especially in Area C. Securing additional imports, both for Gaza (via Egypt and the 161 kV line) and for the West Bank (through additional imports from Jordan) remains important for enhancing energy security. In the West Bank, high voltage imports through the four new substations have helped reduce the cost of electricity, while also strengthening the role of the Palestinian Electricity Transmission Company in the energy sector as a central Palestinian institution.

In the **telecom** sector, despite initially encouraging discussions, limited progress has been realized towards concluding an agreement for 4G and 5G spectrum. The parties convened the Joint Technical Committee (JTC) twice during the reporting period on November 14, 2021, and April 26, 2022. In the second meeting, the GoI provided a proposal for the PA of 35 MHz¹ for 4G only (in previous discussions during the JTC of March 2020, 5G had been included as a component of the GoI proposal). The PA responded with a request for 90 MHz for 4G deployment (including the 35 MHz offered by the GoI) and reiterated its request of 215 MHz for 5G. To meet Palestinian demand for mobile data in the West Bank and Gaza, a minimum of 335 MHz immediately, and 550 MHz in the short-to-medium term is needed. Given the GoI's continued allocation of spectrum and incentives for 5G deployment to Israeli operators, a timely agreement on the allocation of frequencies for both 4G and 5G technologies in the West Bank and Gaza must be concluded to enable deployment of networks by summer 2023. The completion of the licensing and commencement of commercial deployment of 'fiber to home' networks in the West Bank and Gaza are positive developments. Fixed network reconstruction continued slowly during the reporting period. The approval of the equipment needed for the development of the fiber network, the transmission backhaul network as well as the reconstruction of the fixed telecom network, is welcome. The prompt entry of materials is essential to enable the timely completion of these projects.

The PA's dire **fiscal** situation continues to demonstrate the need for several key steps, including the resolution of a number of longstanding fiscal files between the parties that, in combination with planned internal reforms, will help close the budget gap and advance the goal of economic self-sufficiency. The GoI Ministry of Finance established committees to examine some of these files, including Allenby Bridge crossing fees and the 3 per cent handling fee, which will hopefully lead to the rapid resolution of these files. A focused engagement by the parties remains needed on these and other longstanding fiscal files, including exemption of PA fuel purchases from excise and other taxes. Launch of the eVAT pilot test on March 6, 2022, is a positive development. All Palestinian merchants have joined the program, issuing over 26,000 eVAT invoices by late April;

¹ Both proposals include ~7 MHz already utilized for Palestinian 2G operations and proposed to be used for 4G instead.

some 400 Israeli merchants have joined the pilot program, issuing some 1,400 invoices in the same period. Expansion of the Israeli participation rate would enable a more robust pilot test and lead to inclusion of all Israeli traders at the conclusion of the six-month pilot phase. In addition, a draft Memorandum of Agreement to govern the eVAT system remains to be signed by the parties and completion of end-to-end testing is needed to move to integration and sharing of the eVAT data between the Israeli and Palestinian systems. The PA is progressing towards finalization of a new customs law in preparation for the transfer of customs authority from Israel to the PA, which could reduce revenue losses by an estimated 50 million USD.

In **banking relations**, the parties have continued to make progress towards establishment of a new correspondent banking mechanism, but much work is still required to conclude the new mechanism by the end of 2022. The parties are encouraged to accelerate progress, including *inter alia*, digitalizing the salaries of Palestinian workers as a means to address the cash surplus challenge in Palestinian banks, extending the immunity and indemnity letters to the Israeli commercial banks beyond July 2022, and preparing for the Palestinian Monetary Authority mutual evaluation process which is due to take place in the coming months. Moreover, it is important to note that the PA launched several reforms in recent months that will significantly improve the landscape of digital payments in the Palestinian economy in the near term.

In the **justice** sector, recent legislative amendments signed by the President in January and February have introduced several positive reforms to improve the efficiency of the judicial process but have also raised concerns over their potential effect on the independence of the judiciary and the rights of litigants and defendants. In the **security** sector, the long-awaited appointment of a new full-time Minister of Interior is an important step for the development of the sector. Further improvements in movement and access continue to be needed to enable PA police and security forces to provide effective law enforcement to Palestinian communities in Areas B and C.

Economic growth and job creation in the Palestinian market requires the accelerated facilitation and expansion of **trade**, both locally and internationally. In this regard, efforts have remained focused on expanding the cost-effective movement of goods by further developing the door-to-door program between the West Bank and Israel through the advancement of a Joint Staging Area to serve small and medium-sized companies. Efforts to create a similar program for trade with and via Jordan also continued. This has the potential to significantly increase transport-related cost savings and competitiveness of goods, particularly for bulk and raw materials. The economic situation in Gaza has seen some improvement since the escalation last May and the subsequently applied movement restrictions, driven primarily by increased agricultural exports (which doubled in the first quarter of 2022 compared to the same period in 2021) and the facilitation of Gazan labour to work in Israel. However, focus on restoring industrial activity remains key to generate jobs and increasing Gaza's trade potential. With the increased flow of agricultural products across Gaza, the resumption of the Karem Abu Salem/Kerem Shalom crossing upgrade gains increased significance as it stands to substantially reduce damage and losses of perishable goods entering and exiting Gaza. Construction of the project is expected to begin in Q3 2022.

[Editor's Note: The report of the Office of the Quartet is available in the [UNISPAL database](#).]

VII. BUREAU OF THE PALESTINIAN RIGHTS COMMITTEE CONDEMNS THE SENSELESS KILLING OF AL JAZEERA JOURNALIST SHIREEN ABU AKLEH

On 11 May 2022, the Bureau of the Committee on the Exercise of the Inalienable Rights of the Palestinian People (CEIRPP) issued the following [statement](#).

The Bureau of the United Nations General Assembly's Committee on the Exercise of the Inalienable Rights of the Palestinian People condemns the killing today of Palestinian journalist Shireen Abu Akleh, who was fatally shot while reporting for Al Jazeera News on Israeli military forces' operation in Jenin, in occupied West Bank. The Bureau extends its deepest condolences to Ms. Abu Akleh's family and wishes a speedy recovery to injured fellow journalist Ali Al Samoudi.

The Bureau reiterates the crucial role played by journalists in conflict zones and the imperative of media freedom to provide accurate information and underscores that they should never be targets of violence, harassment or intimidation. The Bureau calls for an immediate, independent, and thorough international investigation into this killing and for bringing to justice those responsible. The Bureau also reiterates its calls for protection of the Palestinian people in accordance with international humanitarian law.

The Bureau has repeatedly stated that the Israeli occupation of Palestine remains the source of the conflict and suffering and urges the realization of a two-State solution on the basis of the pre-1967 borders and in accordance with international law and the relevant United Nations resolutions as the only way to achieve a just and lasting peace in the Middle East. This is an objective that fulfills the aspirations of the Palestinian people to self-determination, independence and freedom and puts an end to Israel's ongoing occupation of the Occupied Palestinian Territory, including East Jerusalem.

VIII. UN SECRETARY-GENERAL IS APPALLED BY THE KILLING OF JOURNALIST SHIREEN ABU AKLEH

The following [statement](#) was issued on 11 May by the Spokesperson for United Nations Secretary-General António Guterres:

The Secretary-General is appalled by the killing of Shireen Abu Akleh, a Palestinian-American reporter for Al Jazeera TV, who was shot dead earlier today while covering an operation by Israeli security forces in Jenin, in the occupied West Bank.

He sends his heartfelt condolences to the family of Ms. Abu Akleh and wishes a quick recovery to fellow journalist Ali Samoudi, who was wounded in the same incident.

He calls on the relevant authorities to carry out an independent and transparent investigation into this incident and ensure that those responsible are held accountable.

The Secretary-General condemns all attacks and killings of journalists and stresses that journalists must never be the target of violence. Media workers should be able to carry out their work freely and without harassment, intimidation or the fear of being targeted. The Secretary-

General reiterates his firm conviction that a free press is essential for peace, justice, sustainable development and human rights.

IX. UN SPECIAL COORDINATOR CONDEMNS THE ADVANCEMENT OF NEW ISRAELI SETTLEMENT PLANS

On 12 May, United Nations Special Coordinator for the Middle East Peace Process, Tor Wennesland, issued a [statement](#) replicated below.

I condemn today's decision by Israeli authorities to advance plans for over 4000 housing units in settlements in the occupied West Bank. These include the retroactive approval of two illegal outposts and a park.

Continued settlement expansion further entrenches the occupation, encroaches upon Palestinian land and natural resources, and hampers the free movement of the Palestinian population.

I reiterate that all settlements are illegal under international law and constitute a major obstacle to peace.

I urge the Israeli authorities to cease the advancement of all settlement activity and refrain from such unilateral and provocative actions that fuel instability and undermine the prospects for establishing a viable and contiguous Palestinian State as part of a negotiated two-State solution on the basis of relevant UN resolutions, international law and bilateral agreements.

X. UN SECURITY COUNCIL STRONGLY CONDEMNS KILLING OF JOURNALIST SHIREEN ABU AKLEH

The following Security Council [press statement](#) was issued on 13 May by Council President Linda Thomas-Greenfield (United States):

The members of the Security Council strongly condemned the killing of Palestinian-American journalist Shireen Abu Akleh and the injury of another journalist in the Palestinian city of Jenin on 11 May 2022.

The members of the Security Council conveyed their sympathy and deepest condolences to the victim's family.

The members of the Security Council called for an immediate, thorough, transparent, and fair and impartial investigation into her killing, and stressed the need to ensure accountability.

The members of the Security Council reiterated that journalists should be protected as civilians.

The members of the Security Council stressed that they continued to monitor the situation closely.

XI. SECURITY COUNCIL HOLDS A MEETING ON THE MIDEAST SITUATION, INCLUDING THE PALESTINIAN QUESTION

On 26 May, the Security Council held a meeting on “The situation in the Middle East, including the Palestinian question.” Excerpts from the [briefing](#) by Special Coordinator for the Middle East Peace Process Tor Wennesland are reproduced below.

Allow me at the outset to acknowledge the killing of revered Palestinian-American journalist Shireen Abu Aqleh as she covered events in Jenin on 11 May.

Her death brought Palestinians, and countless others around the world, together in grief and anger, while serving as another reminder of the devastating human cost of this conflict.

I send my deepest condolences to her family and reiterate the Secretary-General’s condemnation of all attacks against journalists and his call for relevant authorities to carry out an independent and transparent investigation. Those responsible must be held to account.

Regrettably, recent weeks have been filled with the familiar pattern of daily violence, including armed clashes, settlement expansion, evictions, demolitions and seizures of Palestinian structures, as well as a deadly terrorist attack in Israel.

Meanwhile, the Palestinian Authority’s financial situation – compounded by the constraints of the occupation, the absence of serious Palestinian reforms and unclear prospects for donor support – is dire and requires urgent attention. Without meaningful policy steps on the part of Israel, bold reforms on the part of the PA and increased donor support, these economic challenges will continue.

In Gaza, efforts by the United Nations and international partners to improve Palestinian lives and measures by Israel to ease pressure and facilitate more economic activity have enabled the fragile ceasefire to continue. Keeping the calm, however, is neither enough nor sustainable – more needs to be done to alleviate the humanitarian crisis and lift Israeli closures, in line with UNSCR 1860 (2009).

The persistence of these conflict drivers, and the absence of real political will to change course, has empowered extremists and is eroding the perception among Palestinians and Israelis that a resolution of the conflict is achievable. These dynamics – combined with the financial crisis – are dangerously converging and intensifying.

While immediate steps to reverse negative trends and support the Palestinian people are essential, a better coordinated and strategic approach by the parties and the international community is needed. Economic relief must be expanded and made more sustainable. An agreed and updated regulatory framework for the Israeli - Palestinian economic relationship is not only vital to bringing about meaningful economic dividends for the Palestinians but would add a tangible political perspective to these economic steps.

This approach, however, must be combined with political and security steps that address core conflict drivers and ultimately lead us towards an end to the occupation and the achievement of a negotiated two-State solution.

Daily violence continued throughout the Occupied Palestinian Territory.

During the reporting period, ten Palestinians, including one woman and three children, were killed by Israeli security forces (ISF) during demonstrations, clashes, search-and-arrest operations, attacks and alleged attacks against Israelis, and other incidents, and 346 Palestinians, including five children, were injured. Israeli settlers and other civilians perpetrated 57 attacks against Palestinians resulting in one Palestinian child killed and 24 injuries and/or damage to Palestinian property.

In all, four Israeli civilians and one Israeli security personnel were killed, and 22 civilians were injured, including five women and three children, and 20 ISF were injured by Palestinians in shooting and stabbing attacks, clashes, the throwing of stones or Molotov cocktails, and other incidents during the reporting period. In total, Palestinians perpetrated 80 attacks against Israeli civilians that caused injuries and/or damage to Israeli property.

On 29 April and 5 May, violent confrontations between ISF and Palestinians took place at the Holy Sites in Jerusalem, with ISF using physical force to disperse Palestinians. Some 44 Palestinians were injured.

On 29 April, armed Palestinians shot and killed an Israeli civilian guard in the settlement of Ariel. Israeli forces arrested two suspects on 30 April.

On 5 May, two Palestinians from the Jenin area, killed three Israeli civilians and wounded four others with axes in a terrorist attack in the Israeli city of Elad. ISF arrested the perpetrators on 8 May.

On 8 May, a 17-year-old Palestinian climbed a fence to enter the Israeli settlement of Tekoa, reportedly carrying a knife, and was shot and killed by a resident. Hamas later claimed him as a member.

The same day, ISF shot and killed a Palestinian man attempting to cross the security fence near Tulkarem.

On 11 May, ISF shot and killed a 16-year-old Palestinian in al-Bireh, where, according to eyewitnesses, some 30 Palestinian youths were throwing stones at ISF.

Following terrorist attacks in Israel over the past two months that killed 18 people, ISF have continued intensive search and arrest operations in the occupied West Bank, particularly around Jenin, which have led to clashes, including with armed Palestinian militants, in which many Palestinians were killed and injured.

In this context, on 30 April, a Palestinian man was shot and killed by ISF in the village of Azzun, near Qalqilya. The man reportedly threw a Molotov cocktail at the soldiers and, according to video, was shot in the back while running away.

On 11 May, journalist Shireen Abu Aqleh was shot and killed while covering an ISF operation in Jenin in which Palestinian militants exchanged fire with ISF. Another journalist was shot and injured in the same incident. Both were wearing press vests and helmets.

Scenes of violence during Abu Aqleh's funeral procession, where Israeli police entered the hospital and subsequently beat pallbearers and other mourners with batons, were deeply distressing and offensive, and were widely condemned.

On 15 May, the funeral of an 18-year-old Palestinian, who had died the previous day from injuries suffered on 22 April during clashes with ISF at the Holy Sites, also led to confrontations between Israeli police and Palestinians in East Jerusalem.

On 20 May, during a search operation in Jenin during which there was an exchange of fire, ISF shot and killed a 17-year-old Palestinian reportedly while he was throwing a Molotov cocktail.

On 24 May, ISF shot and killed a 16-year-old Palestinian and injured over 20 others in Nablus during clashes near Joseph's Tomb. ISF said it fired at a Palestinian who had thrown a Molotov cocktail at ISF and Jewish worshippers at the site.

Settler-related violence continued during the reporting period.

On 26 April, Israeli settlers erected a tent on private Palestinian land near the Ma'ale Adumim settlement. When asked to leave, the settlers attacked and injured four Palestinians, including a 68-year-old with multiple fractures.

During the reporting period, in eight separate incidents, Israeli settlers, accompanied by ISF, entered five Palestinian towns resulting in 57 Palestinians injured. In the town of Hares west of Salfit, a young Palestinian was injured by live ammunition, reportedly by one of the settlers, while two others were shot by ISF with rubber-coated metal bullets.

I reiterate that perpetrators of all acts of violence must be held accountable and swiftly brought to justice.

There is no justification for acts of terrorism or violence against civilians. Such acts must clearly be condemned by all.

I also reiterate that security forces must exercise maximum restraint and use lethal force only when strictly unavoidable in order to protect life.

On 22 May, the Jerusalem Magistrate's Court cancelled an order by Israeli police temporarily banning from the Holy Sites three Jewish Israelis who performed prayers there. The judge stated that his ruling did not "determine anything regarding freedom of worship" at the Holy Sites. Following an appeal by Israeli police, the Jerusalem District Court overturned the decision on 25 May. In her decision, the judge noted that the right to freedom of worship "is not absolute, and should be superseded by other interests, among them the safeguarding of public order."

In another worrying development, on 12 May, for the first time in some seven months, Israeli authorities advanced plans for over 4,000 housing units in settlements in Area C of the occupied West Bank, approximately one third in outlying locations. These include the retroactive approval of two outposts, illegal also under Israeli law.

On 28 April, Israel's Supreme Court rejected a petition against the construction of 31 settlement housing units in an apartment complex in Hebron. If built, these units would be the first new settlement construction in the city in nearly twenty years.

On 15 May, the Israeli Supreme Court rejected four petitions against a highly controversial plan to construct a cable car between West Jerusalem and the Old City, continuing worrying trends in and around Jerusalem.

I reiterate that all settlements are illegal under international law and remain a substantial obstacle to peace.

I urge Israeli authorities to cease advancement of all settlement activity and refrain from actions that fuel instability and undermine the prospects for the establishment of a viable, contiguous Palestinian State.

Despite a notable reduction during Ramadan, Israeli authorities demolished, seized or forced owners to demolish 40 Palestinian-owned structures in Area C and 12 in occupied East Jerusalem, as well as two structures in Area A, displacing 98 Palestinians, including 50 children. The demolitions were carried out citing the lack of Israeli-issued building permits, which are nearly impossible for Palestinians to obtain.

On 25 April, the Jerusalem Magistrate's Court accepted the appeal of a Palestinian family against their pending eviction in the neighborhood of Sheikh Jarrah in East Jerusalem, ordering the case to be reconsidered by Israeli authorities while an eviction freeze remains in place.

On 4 May, the Israeli High Court of Justice decided to allow implementation of eviction orders issued to 1,200 Palestinian residents, including 500 children, in Masafer Yatta, in the southern West Bank. In its ruling, the Court said that permanent structures in the area did not exist when it was declared a "firing zone" by the Israeli military in the 1980s – almost 40 years ago. The Palestinian residents dispute this claim.

I am deeply concerned by the potential implications of the High Court's ruling and the humanitarian toll on the communities in question if evictions orders are carried out.

I call on Israeli authorities to end the displacement and eviction of Palestinians in line with Israel's obligations under international humanitarian law and to approve plans that would enable Palestinians to build legally and address their development needs.

On 10 May, the Ad Hoc Liaison Committee (AHLC) met in Brussels, with a focus on key economic files – including PA fiscal reforms, enhancing PA revenues and improved trade, water and energy supplies.

Turning to Gaza, the UN continues to deliver vital humanitarian and development assistance, as well as to make efforts towards further easing restrictions on the movement of people and goods into and out of the Strip. Plans are in place to support revitalization of Gaza's fishery sector, including facilitating entry of dual-use items under the Gaza Reconstruction Mechanism. Success of this initiative should pave the way for a further easing of restrictions, including in agriculture, industry and health sectors. To improve oncology services in Gaza and reduce the debt burden on

the PA from medical referrals, the UN is leading preparations for a five-year operational plan for oncology, which will include prevention, treatment and palliative care.

Between 3 and 14 May, Israeli authorities closed the pedestrian Erez Crossing between Gaza and Israel except for humanitarian cases. The decision followed the firing of several rockets from Gaza towards Israel in April as well as incitement by senior Hamas leaders calling on Palestinians to carry out attacks against Israelis.

...

In my last briefing to this Council, I raised concerns over the potential for violence during Ramadan but made clear that a serious escalation was avoidable. Owing to efforts by all parties, a major outbreak of violence in fact was avoided. However, trends in the West Bank have deteriorated. As Jerusalem Day approaches on 29 May - with the planned provocative flag march through the Muslim quarter in the Old City - I again urge authorities to take wise decisions to minimize confrontations and frictions and the risk of more violence and escalation.

I reiterate that the status quo at Jerusalem's Holy Sites must be upheld and respected.

More broadly, Madam President, I am extremely concerned that current dynamics – particularly in the occupied West Bank - could spiral out of control at any time. I encourage leaders on both sides to make difficult, but critical, decisions that will take us back from the brink and help stabilize the situation.

The irresponsible and provocative language and incitement to violence must stop.

Positive Israeli economic measures towards the Palestinians are regularly undermined by parallel negative steps, such as settlement advancement, demolitions and continued violence.

At the same time, the dire fiscal and financial forecast facing the Palestinian Authority looms, amidst a lack of prospects for real institutional reform.

We must push beyond the paradigm of managing the conflict and move towards resolving it. There are tangible, ongoing arrangements that can be regularized and expanded immediately – if there is political will.

I urge, and remain actively engaged with, Israelis, Palestinians, regional States and the broader international community to take action that will lead us back to the path of negotiations, which will end the occupation and establish two States, in line with UN resolutions, international law and bilateral agreements.

XII. UN SPECIAL COORDINATOR EXPRESSES CONCERN OVER THE SPIRALING CYCLE OF VIOLENCE

On 28 May, the United Nations Special Coordinator for the Middle East Peace Process, Tor Wennesland, issued the following [statement](#).

I am deeply concerned about the spiraling cycle of violence that has taken too many Palestinian and Israeli lives in recent weeks.

As we approach 29 May, I call upon all sides to exercise maximum restraint and make wise decisions to avoid another violent conflict that will only claim more lives. The message of the international community is clear to avoid such an escalation.

I have been in contact with all concerned parties and urge their leaders to heed this call.

XIII. UN ANNUAL TRAINING PROGRAM FOR PALESTINIAN JOURNALISTS NAMED AFTER SHIREEN ABU AKLEH

The following is an excerpt from a near-verbatim [transcript](#) of the 31 May press briefing by Stéphane Dujarric, spokesperson for the Secretary-General:

The Department of Global Communications (DGC) is announcing today that it has renamed its annual training programme for Palestinian broadcasters and journalists to the Shireen Abu Akleh Training Programme for Palestinian Broadcasters and Journalists. That is in honour of Shireen Abu Akleh, the Palestinian-American Al-Jazeera reporter who was killed in the Occupied Palestinian Territory on 11 May of this year.

Shireen Abu Akleh had a distinguished career in journalism for a quarter of a century. She was a trailblazer for Arab women, and a role model for journalists in the Middle East and around the world. Her legacy and bravery must be cherished, said our colleagues at the Department of Global Communications.