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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance

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Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

Assistance to the Palestinian people

Report of the Secretary-General***

Summary

The past year offered new hope of a peaceful solution to the Palestinian-Israeli conflict. The Quartet, composed of the United Nations, the European Union, the Russian Federation and the United States of America, announced the Road Map for peace, spelling out concrete steps towards the fulfilment of the vision of two States, Israel and Palestine, living side by side in peace and security. Hopes were raised even further as the Israeli and Palestinian Prime Ministers committed to working towards the full implementation of the Road Map. Despite the strong commitment of the international community, the implementation of the Road Map stalled.

In an increasingly difficult humanitarian situation in the occupied Palestinian territory, United Nations agencies and programmes continue to offer a variety of types of assistance to the Palestinian people. That assistance is provided in difficult circumstances characterized by closures, curfews, incursions and other measures taken by the Israeli military that negatively affect the well-being of the Palestinian people and hamper the ability of the United Nations system to carry out its work.

The present report contains a description of efforts made by United Nations agencies, in cooperation with Palestinian and donor counterparts, to support the Palestinian civilian population and institutions.

* A/59/50 and Corr.1.

** E/2004/100.

*** The present report was submitted after the established deadline in order to include as much updated information as possible.

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 58/113 of 17 December 2003, in which the Assembly requested the Secretary-General to submit to it at its fifty-ninth session, through the Economic and Social Council, a report on the implementation of the resolution. The reporting period of the report is May 2003 to April 2004.

2. Information concerning the living and socio-economic conditions of the Palestinian people is provided in reports prepared by other United Nations agencies and, in particular, (a) in the report of the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan (A/58/75-E/2003/21) and (b) in the annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).¹

3. During the reporting period, the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued his efforts to support the peace process and to ensure effective coordination between the relevant institutions of the Palestinian Authority, the United Nations and the international community, as well as to document the economic and social conditions in the occupied Palestinian territory.

4. The present report describes efforts made by United Nations agencies, in cooperation with Palestinian and donor counterparts, to support the Palestinian civilian population and institutions, as described in General Assembly resolution 58/113. Also included are observations of the political climate and subsequent challenges as the international community works to end the cycle of violence and moves towards a negotiated settlement to bring peace and security to the Middle East.

II. Overview of the current crisis

A. Political context

5. The past year brought new hope of a peaceful solution to the Palestinian-Israeli conflict. In April 2003, a new Palestinian Prime Minister, Mahmoud Abbas, was appointed. The Quartet, composed of the United Nations, the European Union, the Russian Federation and the United States of America, announced the Road Map towards peace, spelling out concrete steps towards the fulfilment of the vision of two States, Israel and Palestine, living side by side in peace and security. According to the Road Map, both Israelis and Palestinians must take effective and measurable steps to rebuild the shattered trust between them, end violence and start momentum towards a full and comprehensive peace in the Middle East.

6. Hopes were raised even further in June 2003 as the Israeli and Palestinian Prime Ministers met with United States President George W. Bush in Aqaba, Jordan, and committed themselves to work for the full implementation of the Road Map.

The United Nations played a significant role, as its agencies continued to provide assistance to the Palestinian Authority and the Palestinian people, while the Office of the United Nations Special Coordinator for the Middle East Peace Process continued its mediating and facilitating functions, as well as its monitoring and coordinating roles. Despite the strong commitment of the international community, the implementation of the Road Map stalled.

7. Neither side honoured its commitments under the Road Map. The Israeli Government did not stop settlement activities and continued to carry out military operations in Palestinian areas, too often with deadly consequences for Palestinian civilians. The Palestinian Authority did not bring an end to violence and terrorism. It failed to reform its security apparatus according to provisions of the Road Map, leading to the resignation of the Palestinian Prime Minister in protest less than four months after he took his oath of office. In hindsight, it appears that a stronger international role in assisting the parties could have led to more effective results.

8. The construction by Israel of the barrier on Palestinian land in the West Bank introduced a new adverse element to Palestinian living conditions and freedom of movement. The impact of the barrier on Palestinian lives and the territorial integrity of a future Palestinian State are pivotal to the very idea of the two-State solution, enshrined by Security Council resolution 1397 (2002).

9. In an increasingly difficult situation, United Nations agencies and programmes continue to offer a variety of types of assistance to the Palestinian people. In carrying out my good offices, the Office of the Special Coordinator provided help to the new Prime Minister, Ahmed Qurei, and continued to engage the Israeli Government in order to reactivate the implementation of the stalled Road Map. The Security Council, in its resolution 1515 (2003), called upon both parties to fulfil their obligations under the Road Map. Unfortunately, there is still no progress towards such implementation. Israel continues to inflict daily hardship and humiliation on Palestinians, through closures, curfews, house demolitions, targeted assassinations, settlement activities, the use of deadly weapons in highly populated areas and the use of disproportionate force. Reprehensible terrorist attacks by Palestinian groups continue to visit carnage and fear on Israelis. The logic of violence, vengeance and destruction continues to prevail over the logic of dialogue and reason.

10. In February 2004, new hope was introduced when Israeli Prime Minister Ariel Sharon announced his intention to withdraw unilaterally from the Gaza Strip and parts of the West Bank. The Quartet, at its meeting of 4 May, stated that the Gaza withdrawal initiative should lead to a full end of occupation and be consistent with the Road Map.

B. Humanitarian and socio-economic crisis

11. Israel's systematic imposition of restrictions on the movement of Palestinian goods and people across borders and within the West Bank and Gaza Strip continued to be the proximate cause of the Palestinian humanitarian and economic crises. Curfews continued in 2003, although the number declined from an average of 39.18 from May to October 2002 to 7.62 from May to October 2003. However, closure remained intense in both Gaza and the West Bank, with the Office for the Coordination of Humanitarian Affairs of the Secretariat recording 763 roadblocks in

January 2004, creating approximately 19 isolated pockets in the West Bank, of which 8 were enclaves and 11 were areas enclosed between the Green Line and the barrier.

12. Access to services, including water, education and health care, was severely limited because of restrictions on the movement of Palestinians. In August 2003, the World Health Organization (WHO) reported that more than 50 per cent of survey respondents had changed their health-care facility and that in 90 per cent of those cases the change was due to restriction of access. The United Nations, in its consolidated appeal for 2004, noted that local health services existed in only about 40 per cent of the affected communities in the northern part of the West Bank, while their access to secondary and tertiary health care was restricted.

13. The quality and quantity of water provided by tanker and through pipes continued to deteriorate. According to the Palestinian Water Authority, the amount supplied by Mekorot, an Israeli water company, fell in 2003, and water distribution networks were damaged by Israeli actions. The shortfall is somewhat covered by tankers, but at an estimated cost of 17 to 40 per cent of household incomes during the summer months. Studies conducted in 2003 by the United States Agency for International Development (USAID) in Hebron and Nablus and by the United Kingdom of Great Britain and Northern Ireland House of Commons International Development Committee found that water from tankers increased gastrointestinal infections in children under five years of age; 69 per cent of water samples taken in July 2003 failed the WHO water standard.

14. The Palestinian Ministry of Education and Higher Education reported that, since the beginning of the intifada, 1,289 schools had been closed because of curfews, sieges and district closures and that 282 schools had been damaged as a result of rockets, tanks and shelling. UNRWA and the Ministry both documented falling exam results, which were believed to be due to the current situation. For example, official data show that the percentage of success in grade 4 mathematics classes fell from 71.7 per cent for the academic year 2000/01 to 51.9 per cent for the academic year 2002/03.

15. A food security assessment of the West Bank and Gaza Strip undertaken in mid-2003 by the Food and Agriculture Organization of the United Nations (FAO), in cooperation with the World Food Programme (WFP) and UNRWA, concluded that the food security situation had considerably deteriorated over the past three years, with 4 out of 10 Palestinians now facing food insecurity. Both the quantity and quality of food consumed have fallen.

16. Data from the Palestinian Central Bureau of Statistics showed a weakening in the employment situation overall, with the number of persons employed declining in Gaza but slightly increasing in the West Bank. In the last quarter of 2003, the overall unemployment rate was 24.3 per cent. The rise in unemployment in Gaza resulted from increased restrictions at the Erez crossing to Israel. The World Bank estimated that gross domestic product per capita had increased by 5.9 per cent and gross national income by 7.0 per cent. Those modest improvements could be a result of a combination of the effective use of coping mechanisms by the Palestinian population, the transfer of revenues from Israel and the slight easing of restrictions on movement in the West Bank.

17. The delivery of humanitarian relief is delayed or in some cases prevented as a result of the system of closures and restrictions. UNRWA estimates that it incurred \$1.78 million in expenses as a result of extra storage and other charges on the import of basic commodities incurred between September 2000 and February 2003. Recent attacks at the Erez crossing and the use by suicide bombers of containers exiting the Karni crossing in Ashdod caused the Israel Defense Forces to impose additional restrictions on the movement of international staff, which almost resulted in United Nations agencies and programmes stopping some of their programmes. Negotiations with the Israeli military proved fruitful, and the security concerns of both Israel and the international community together were addressed to allow staff and food to continue to move.

C. Barrier

18. Israel continued its construction of the barrier, part of which was being built inside the West Bank, contrary to General Assembly resolution ES-10/13 of 21 October 2003, in which it demanded that Israel stop and reverse the construction of the wall in the Occupied Palestinian Territory.

19. On 8 December 2003, the General Assembly, by its resolution ES-10/14, requested an advisory opinion from the International Court of Justice on the legal consequences arising from the construction of the wall being built by Israel in the Occupied Palestinian Territory, including in and around East Jerusalem, considering the rules and principles of international law, including the Fourth Geneva Convention of 1949, and relevant Security Council and Assembly resolutions. Hearings were held from 23 to 25 February 2004, and its opinion is expected soon.

20. While Israeli authorities state that the barrier is intended to be a temporary measure to prevent suicide attacks against Israelis, it is likely to deepen the fragmentation of the West Bank and further worsen the humanitarian and socio-economic situation in the occupied Palestinian territory. In addition, the construction of the barrier could impair future political negotiations for a lasting peace. For a more detailed description of the effects of the barrier, see the report of the Secretary-General prepared pursuant to General Assembly resolution ES-10/13 (A/ES-10/248).

III. United Nations response to the crisis

A. United Nations development assistance

21. Throughout the current reporting period, United Nations agencies in the occupied Palestinian territory found themselves seeking additional resources to meet increasing emergency needs while trying to maintain their development activities. Several development initiatives continued nonetheless, but the focus shifted even more to humanitarian aid as compared to the 2002/03 period.

Institutional capacity-building

22. The United Nations Conference on Trade and Development (UNCTAD) continued to provide the Palestinian Authority and the private sector with a range of

technical assistance activities and projects, which are covered in detail in the report on UNCTAD assistance to the Palestinian people (TD/B/50/4).

23. The International Labour Organization (ILO) offered various forms of support and technical assistance, notably through assistance in the creation of an employment task force in the Palestinian Ministry of Labour through the recruitment of highly qualified professionals to enhance the efficiency and capacity of the Minister's office. It also developed a project to strengthen the Labour Market Information System.

24. The Economic and Social Commission for Western Asia undertook a variety of activities aimed at providing technical assistance to enhance capacity in meeting the opportunities and challenges of international trade and multilateral trade negotiations. Activities included (a) the participation of two senior officials from the Palestinian Authority in the capacity-building seminar on opportunities and challenges of tourism in ESCWA member States, held in December 2003, (b) a workshop in June 2003 on key issues on the international economic agenda, held jointly by ESCWA and UNCTAD, (c) a workshop on negotiation skills and dispute resolution of shared water resources, held in December 2003, and (d) as a follow-up to that workshop, a training course on negotiation skills and dispute resolution of shared water resources organized for Palestinian delegates in Amman in March 2004.

25. The United Nations Educational, Scientific and Cultural Organization (UNESCO) allotted \$235,500 to 460 schools to provide a better learning environment by fostering the decentralization process, encouraging community participation and ensuring direct impact. It also supported the Ministry of Education and Higher Education in the preparation of the draft education for all national action plan. In addition, the Ministry received UNESCO support in the field of technical and vocational education and training through an informal group established to facilitate the coordination and exchange of information. Eight ministry officials went on a study tour to Jordan to learn about new and innovative approaches and techniques in early childhood care and education. Finally, UNESCO supported the Ministry of Tourism and Antiquities in its efforts to elaborate the first draft of the Palestinian law for cultural and natural heritage.

26. The Governing Council of the United Nations Human Settlements Programme (UN-Habitat), recognizing that shelter and human settlements were key elements in reaching a sustainable peace in the Middle East, endorsed, in its resolution 19/18 of 9 May 2003, the establishment of a special human settlements programme for the Palestinian people and a technical cooperation trust fund of \$5 million for an initial period of two years. The objectives of the programme include institutional capacity-building and strengthening of coordination mechanisms, promotion of affordable financing for housing, enhancement of the capacity of research institutions, provision of support for the development of a Palestinian human settlements policy and establishment of an institutional framework for Geographic Information Systems. The Governing Council urged the international donor community and all financial institutions to support UN-Habitat in the immediate mobilization of financial resources towards the establishment and operation of the programme and the fund. To date, contributions to the trust fund have been made by the Governments of the United States (\$500,000) and Sweden (\$275,000).

27. The International Atomic Energy Agency focused primarily on the provision of technical assistance through a total disbursement of \$222,323 supporting a variety of initiatives, including on area-wide application of the sterile insect technique for medfly control, radiation safety infrastructure, human resources development and feasibility study for a central radiotherapy facility.

Human resources and social development

28. Education was the largest area of activity for UNRWA, with expenditure of \$88.4 million planned for regular services provided in the West Bank and Gaza Strip. Emphasis was placed on the Agency's 272 elementary and preparatory schools and vocational and technical training centres in the occupied Palestinian territory, which accommodated a combined total of 252,250 pupils and provided, inter alia, a first university degree to 632 trainees during the same period.

29. Through its continued support of "better skills for a better future" and "workers' vocational education and training" programmes, ILO provided four computer labs in Jenin, Ramallah, Hebron and Khan Younis, and more than 500 women and men completed various computer-training courses.

30. With a planned expenditure of \$30 million for regular health-care services and programmes, UNRWA operated 51 health facilities that provided comprehensive primary health care and disease prevention and control, dental care, maternal and child health care and family-planning services. In its attempt to better meet the environmental needs of the Palestinian people, UNRWA also provided for sewage disposal, management of storm-water runoff, safe drinking water, the collection and disposal of refuse and the control of insect and rodent infestation.

31. WHO continued to implement and develop projects to promote the health of all Palestinian people, including obtaining, collecting and interpreting health information; improving the impact of health interventions through coordination; maximizing health through up-to-date technical guidance; improving access to humanitarian assistance and health supplies and promoting a context for health and humanitarian action. It leads the "health operation room", which aims to support the decision-making capacities of the Health Sector Working Group and focuses on consolidating data on health, health sector activities and facilities and on the availability of medical supplies. The forum regularly reports on the current humanitarian situation and on the ongoing networking with local and international stakeholders. Reports on restrictions of access to health-care services at the checkpoints as well as the proactive search for urgent needs and appeals of the health sector have been systematically published. Maps of health-care facilities in the West Bank and Gaza were produced.

32. WHO supports the Ministry of Health in formulating and implementing national health policy in accordance with the principles of equity and sustainability and advocates for health to be considered as a top national priority. WHO is committed to keeping the lines of communication open between Palestinian and Israeli health professionals, non-governmental organizations and health institutions. It aims to create platforms for dialogue and to advocate for open discussion and cooperation. Newsletters, training and research activities and the establishment and initiation of a discussion forum on key health issues between professionals on both sides are ongoing initiatives, together with a partnership among cities.

33. During the reporting period, most of the activities of the United Nations Population Fund (UNFPA) shifted towards development components that addressed emerging needs. For example, the Fund provided a consultant to assist the Palestinian Central Bureau of Statistics in producing its survey on the impact of the barrier on the Palestinian population. It also proposed training service providers and women's groups to deal with gender-based violence.

34. The WFP caseload consists of 553,000 of the most vulnerable persons in the non-refugee population and falls into two categories: "special hardship cases", as defined by the Palestinian Ministry of Social Affairs, and the "new poor" — people who used to work in Israel and the settlements and have been unemployed for a minimum of six months, including Bedouins, farmers and fishermen in the Gaza Strip. In 2003, WFP began a supplementary feeding programme for 6,145 malnourished children and their families located in the Gaza Strip and the southern part of the West Bank, and provided food assistance to 10,000 elderly and disabled persons and orphans residing in social institutions. The programme provided approximately 11,000 tons of food to the International Committee of the Red Cross to assist 180,000 hardship cases and long-term unemployed in the rural areas of the West Bank. Of the total caseload, 157,000 "new poor" received food under the food for work/food for training modality. A total of 26,000 beneficiaries participated in those projects, with one person per household taking part and receiving a monthly family ration of 102 kilograms of food per month in exchange.

Human rights and women

35. The activities of the Office of the United Nations High Commissioner for Human Rights (OHCHR) focused on the institutional legal framework, the administration of justice, the strengthening of national institutions and human rights education. Its efforts culminated in seven specific projects that resulted in the provision of training and technical assistance to 203 individuals. The "assisting communities together" project supported grass-roots initiatives for the promotion and protection of human rights by means of small grant projects provided jointly by OHCHR and the United Nations Development Programme (UNDP).

36. The United Nations Development Fund for Women (UNIFEM) continued its efforts to increase the participation of Palestinian women in social, economic and political life, to encourage compliance with international human rights standards and, in particular, the Convention on the Elimination of All Forms of Discrimination against Women, and to improve the situation of women under the current circumstances. As part of that endeavour, UNIFEM conducted preliminary assessments of existing United Nations programmes on women in development and gender and development to highlight gaps and avoid duplication of efforts. A new pilot project due in May 2004 was to use community centres established by United Nations agencies and programmes throughout the occupied Palestinian territory for the advancement of women in the area.

Infrastructure and natural resources management

37. To build on the successful projects of previous years, UNDP helped to establish the Palestinian Energy Centre, which will serve as a driving force for energy efficiency improvements and greenhouse gas reduction. UNDP and the Global Environment Facility continued to work together to preserve the wetlands in

the Gaza Strip. A total of \$1.7 million was devoted to a storm-water drainage system in Khan Younis to alleviate damage caused by flooding. Many UNDP efforts continued to focus on the upgrading of strategic infrastructure to meet urgent needs, including the rehabilitation and upgrading of the Jericho border crossing in the West Bank and the Rafah and Karni crossings in Gaza, where thousands of people cross every day.

Productive sectors

38. In its efforts to generate much-needed economic and rural development, UNDP allocated approximately \$9 million in financial support to various initiatives aimed at land reclamation and integrated rural development. UNDP also continued its work on an innovative project to improve the economic stability of the Bedouin communities in the West Bank and to revitalize the handicraft industry in the Bethlehem district. Technical assistance and infrastructure support provided to local governments in microregions will continue to expand under the local rural development programme and the community services programme.

39. During the current reporting period, ILO worked to create a Small Business Advocacy, Training and Demand-Driven Services Unit at the Federation of Palestinian Chambers of Commerce, Industry and Agriculture. Building on its work surrounding the Palestinian Fund for Employment and Social Protection, it also allocated from its own resources \$1 million to cover the cost of the physical establishment of the Fund and to implement pilot activities within that framework of that institution.

40. The UNRWA microfinance and microenterprise programme has supplied 66,300 loans to the Palestinian people worth \$73.6 million since 1991. As the banks and other financial service providers have closed their lending to all but the most robust businesses, the UNRWA programme has remained one of the few credit facilities continuing to serve the financial needs of the small business sector in the West Bank and Gaza Strip. Throughout the crisis, it has adapted its lending instruments to meet the needs of the poorest enterprises. The programme was able to maintain its credit activities; however, like other businesses, it was unable to meet its operational costs. While the programme disbursed 12,000 loans worth \$13.8 million in 2000, in 2003 it increased its lending to 12,324 loans valued at just \$8.8 million.

41. ESCWA is organizing an Arab-international forum on socio-economic rehabilitation and development in the occupied Palestinian territory: towards an independent State, in September 2004 pursuant to two resolutions adopted by ESCWA member States at their 2001 and 2003 sessions, which called for the rehabilitation of the economic sectors in the West Bank and Gaza Strip. As part of the preparatory process for the forum, a consultative meeting was held in Beirut on 29 and 30 July 2003 to discuss the goals, agenda and format of the forum.

B. United Nations system emergency focus

Support to social sectors

42. Needs during the present reporting period outpaced donor contributions.

Food

43. According to UNRWA, the quantity of food distributed in 2003 was reduced by approximately one third compared with previous appeals, with food parcels covering only 40 per cent of the nutritional needs of the population. Likewise, assistance for 70,000 schoolchildren was cancelled and selective cash assistance was cut in both fields. Reductions in the emergency rehousing programme resulted in a funding shortfall for more than 1,100 dwelling units by the end of the year. Of the \$9.2 million required for the emergency health programme during 2003, only \$1.3 million was available.

44. There were some important successes. Statistics showed that despite cuts, UNRWA food assistance provided to some 217,500 families through the emergency food aid programme helped to stem, to some extent, the increase in malnutrition in refugee camps. In addition, food distribution targeting some 127,500 families in Gaza and 90,000 in the West Bank continued during the reporting period.

45. In July 2003, WFP launched a one-year emergency operation through the Palestinian Authority and non-governmental organizations. In the first phase of the operation, WFP also continued to provide food to the International Committee of the Red Cross to assist 180,000 non-refugees in the rural areas of the West Bank until December 2003. The operation brought vital assistance to 530,000 food-insecure Palestinian non-refugees in Gaza and the West Bank, representing 15 per cent of the total population and 26 per cent of the non-refugee population.

Health

46. The United Nations Children's Fund (UNICEF) directly provided vaccines and immunization for 384,000 children and 100,000 women in cooperation with the Ministry of Health. During the period under review, UNRWA continued fielding mobile clinics, strengthening the capacity of the system with regard to emergency and casualty care, including at Qalqilya hospital, recruiting additional staff to handle increased workloads and replacing staff unable to report to work owing to closures and curfews, providing ambulance services and post-injury medical rehabilitation and providing psycho-social counselling for children and youth traumatized by exposure to Israeli military operations.

47. In response to the limited and restricted access to health-care services, UNFPA conducted community health-care training for professionals in isolated localities and produced more than \$200,000 worth of commodities and supplies for safe motherhood and delivery. The Fund also provided laboratory equipment to the Hebron Women's Health Centre and contributed to the rehabilitation of Dar-Al Shifa delivery ward. WHO responded to the emergency by sending approximately \$400,000 worth of specific items, such as medical equipment and supplies and health emergency kits. In addition, rodenticides and pesticides were delivered to the Ministry of Health in order to prevent public health problems.

Employment

48. By the end of 2003, over 4 million days of employment had been offered by UNRWA since the inception of the emergency employment programme in January 2001, benefiting thousands of wage earners and their dependants. In addition to restoring essential purchasing power to their families, these temporary employees,

who include construction workers, food distribution labourers, sanitation workers, teachers and medical staff, augmented the Agency's emergency assistance programme by helping to build tangible assets for the refugee community. Those assets included expansion and repair of refugee camp infrastructure and renovation of Agency schools and health clinics.

Education

49. UNICEF took part in initiatives in education, such as a "back-to-school" campaign to ensure that 1 million Palestinian children went to and remained in school. Also, in curfew-prone areas, UNICEF supported the provision of remedial education to children to compensate for their lost school days. Jointly with UNFPA, UNICEF supported the Palestinian Central Bureau of Statistics in carrying out the First National Youth Survey in the occupied Palestinian territory and provided more than 50,000 children and adolescents an opportunity to participate in summer camps. UNICEF assisted the Palestinian Authority in drafting the Palestinian child rights law, which is based on the Convention on the Rights of the Child.

50. Although it is viewed as a key development sector, the education sector found itself in need of immediate emergency assistance throughout the reporting period. As part of its emergency operations, UNRWA attempted to address the challenges to its educational programmes by conducting remedial classes in both the West Bank and the Gaza Strip. While providing classes for more than 38,000 students in the first half of 2003, the programme was suspended in the Gaza Strip due to funding shortfalls. In June 2003, 158 remedial education teachers were assigned to UNRWA schools in the West Bank, where a total of 4,354 students were enrolled in remedial classes in Arabic and another 4,482 in mathematics classes. Finally, UNFPA worked with teachers and school counsellors on dealing with children's psychological well-being.

Coordination of humanitarian assistance

51. The Office for the Coordination of Humanitarian Affairs has been serving as a coordinating body for United Nations funding appeals and as a resource for decision makers and operational organizations to assist the humanitarian response in the occupied Palestinian territory. Field offices throughout the West Bank and Gaza regularly hold local coordination meetings and, at the central level, the Office has been acting as secretariat to the operational and policy coordination bodies of the United Nations system on humanitarian affairs.

Information on access restrictions and humanitarian needs

52. The Government of Israel's fulfilment of its commitment to allow movement of humanitarian organizations and ambulances operating in the West Bank and Gaza (the "Bertini commitments") was monitored by the Office for the Coordination of Humanitarian Affairs each month. By using maps and satellite imagery to show how roadblocks, checkpoints, earth mounds ditches and the barrier restrict movement throughout the occupied Palestinian territory, the Office analysed the impact of those restrictions on the humanitarian situation. Analysis of those data showed a clear relationship between political or security developments and the severity of access restrictions.

53. The Office also observed the construction of the barrier, recording land confiscations and construction, monitoring the operation of gates in the barrier and analysing the barrier's effect on Palestinian communities. It also published comprehensive data each week on civilian casualties, curfews, house demolitions, land confiscations, checkpoints and other movement restrictions.

Infrastructure support

54. The pressure on the infrastructure within the occupied Palestinian territory is mounting as a result of the rapidly growing needs and physical damage caused through Israeli military incursions. A number of United Nations agencies directed their efforts at addressing those needs, with moderate success.

55. Three months after the Israel Defence Forces' incursion into the Jenin refugee camp in April 2002, UNRWA concluded a \$26.7 million grant agreement to rehabilitate the camp. Further incursions since the conclusion of the grant agreement resulted in damage to still more housing units; by the end of the first quarter of 2003, a total of 613 homes had been damaged. Repairs to those homes were paid for by contributions to UNRWA emergency assistance programmes.

56. In 2003, UNRWA offered financial assistance totalling \$355,117 to 35 families in the West Bank (excluding Jenin) to reconstruct homes that had been destroyed. Financial assistance amounting to \$48,865 went to another 14 families whose homes had sustained major structural damage. A total of 1,678 families received grants totalling \$418,340 to make minor repairs to their homes.

57. As a result of such coordination by UNRWA, contracts for the road, water, storm-water drainage, and sewerage networks were signed on 8 September 2003 and work is ongoing. A contract for the electrical network was signed on 15 December. Further emergency assistance was provided through UNDP and its "development of social and municipal infrastructure" initiative, which is directed at the tiling and maintenance of sidewalks, the restoration of public buildings (schools, health clinics), the rehabilitation of water and drainage lines and the removal of solid waste.

58. UNRWA targeted the social infrastructure needs through its Field Engineering and Construction Services Department in Jerusalem as it completed the detailed designs of a school, a women's programme centre, a kindergarten and a community and youth centre, with construction scheduled for March 2005. Likewise, UNDP targeted agricultural infrastructure needs through projects aimed at land reclamation, construction and rehabilitation of cisterns and agricultural roads. Also, through cooperation with USAID, the "Tashgil" project, designed to create jobs by developing and improving social and agricultural infrastructure, continued its operations.

Support to productive sectors

59. Emergency support focused primarily on agriculture, with FAO including an agricultural and food component within its consolidated appeal comprising five project proposals budgeted for a total amount of \$4,260,000, including the rehabilitation of destroyed and damaged greenhouses and damaged irrigation infrastructure.

C. United Nations system assistance to the most vulnerable communities

60. The call to address the urgent needs of cities and villages affected by the barrier came as part of the UNDP strategic approach to poverty alleviation, which focuses on providing assistance to the most vulnerable communities. In addition to communities most affected by the construction of the barrier in the West Bank, those efforts included assistance in emergency employment generation to the areas of Rafah, Khan Younis and Beit Hanoun in the Gaza Strip, all of which had experienced excessive damage to infrastructure and rising poverty owing to continued incursions and encirclement by the Israeli forces. UNDP also launched a programme to provide urgently needed water supplies to isolated areas through the provision of over 40 water tanker trucks.

61. As part of its efforts to address the most vulnerable communities of the occupied Palestinian territory, WFP identified five different levels of vulnerability, as defined in the 2003 food security assessment conducted in the West Bank and Gaza by FAO and WFP. WFP prioritized the most vulnerable through its vulnerability analysis and mapping system, which makes use of new assessment and food security monitoring methodologies, such as the pair-wise ranking analysis, the coping strategies index and the physical access module. FAO contributed to the assistance of vulnerable communities through its food insecurity and vulnerability information and mapping system.

62. The UNDP programme of assistance to the Palestinian people supported a number of counselling centres as well as a number of youth organizations to help young people cope with the violent environment.

D. United Nations consolidated appeal

63. The Office for the Coordination of Humanitarian Affairs coordinated the drafting of the consolidated appeals process for 2004, designed in consultation with the Palestinian Authority and published in November 2003, in which \$305 million was requested to implement the current humanitarian plan of action. The consolidated appeals process report provides a comprehensive overview of humanitarian needs in the occupied Palestinian territory. The Office began its mid-year review of the consolidated appeals process early in 2004, which is intended to help agencies adjust their assistance programmes if needs have changed.

E. Millennium Development Goals

64. The UNDP programme of assistance to the Palestinian people released its first report on the status of the Millennium Development Goals in the occupied Palestinian territory. Although the setting of baselines and numerical time-bound targets is designed to enhance the opportunity for development, the impact of the intifada countered those efforts, thereby dramatically hindering the process. Ultimately, the report should be seen as a step, in partnership with the leadership of the Palestinian Authority, towards setting out a national framework for action towards the achievement of the goals outlined in the Millennium Declaration.

IV. Donor response to the crisis

A. Emergency support

Budgetary support

65. The fiscal situation in the West Bank and Gaza remained difficult in the last eight months of 2003 despite some positive developments. With the resumption of the monthly transfers of clearance revenue by Israel and increased collection efforts by the Palestinian Authority since the beginning of the year, total budgetary revenues exceeded the full-year budget estimates by about \$160 million.

66. The wage bill continued to grow throughout the year, reaching \$75 million in December, with the monthly average of \$61 million surpassing the 2003 budget estimate of \$53 million. The gap was due to the increase in employment of civil service and security staff, as well as to the implementation of the civil service law in the last quarter of 2003, which required on average a 15 per cent increase in civil service wages. Moreover, the Palestinian Authority had to pay, on behalf of municipalities, utility charges that were owed to Israeli companies.

67. Overall, the annual current fiscal balance was very close to that which was budgeted, but the liquidity situation became precarious at the end of the year because of a significant shortfall in external budgetary support, which was less than half the budgeted amount, mainly because of shortfalls in contributions. Consequently, throughout 2003 the Palestinian Authority increased its indebtedness to domestic banks. In addition, while substantial arrears were repaid to the private sector by using the lower than expected withheld clearance revenues released by Israel in 2003, new arrears were accumulated towards the end of the year and December salaries were paid with some delays. With Palestinian Authority net borrowing from banks exceeding its credit limits as set by banks, salaries are likely to be paid with increasing delay unless external resources are quickly obtained.

Non-budgetary support

68. At the December 2003 Rome meeting of the Ad Hoc Liaison Committee made up of the leading donors to the Palestinians, the Palestinian Authority requested \$650 million in support, including \$154 million for humanitarian and social assistance, \$26 million for the rehabilitation and reconstruction of damage, \$278 million for public infrastructure development, \$40 million for private sector support and \$390 million for reform and institutional capacity-building. The World Bank-administered trust fund, established at that meeting and designed to mobilize the needed external support, should be operational shortly.

B. Support for reform of the Palestinian Authority

69. The Task Force on Palestinian Reform, established by the Quartet in July 2002 in response to the publication of the 100-day Palestinian reform plan, continued to monitor and support the implementation of Palestinian civil reforms and guide the international donor community in its assistance for the Palestinian reform agenda. Significant technical and programmatic donor support in all reform areas continued to be forthcoming. The Task Force worked with Palestinians to update the Palestinian reform action plan, which, on a continuing basis, highlights Palestinian

commitments, reviews benchmarks, identifies obstacles to reform and proposes areas for donor assistance. The Task Force conducted its activities through seven reform support groups in the areas of elections, financial accountability, judicial and rule of law reform, legislative reform, market economics, local government and public administration and civil service reform.

70. At its meeting held in Rome on 11 December 2003, the Task Force on Palestinian Reform noted that Palestinian internal political instability, continued Israeli restrictions on freedom of movement and the significant deterioration of the security context and Palestinian-Israeli relations all contributed to paralysis and delay in the reform process. While expressing concern that the reform process had been largely stalled over the previous four months, it nonetheless welcomed the considerable progress made in several areas of Palestinian civil reform, in particular the implementation of significantly higher standards of fiscal transparency and accountability, as well as work towards the development of the public institutions and laws needed to promote a market economy. The Palestinian efforts to establish a centrally coordinated and proactive approach to reform through the Palestinian Authority Reform Coordination Support Unit under the auspices of the Prime Minister, as well as the establishment of the Palestinian National Reform Committee, composed of representatives from the government, the legislature, the business community and civil society, were also commended as positive steps towards developing a more comprehensive reform agenda.

71. In its progress report of February 2004, the Task Force on Palestinian Reform continued to express disappointment at the overall pace of the reform effort. It noted that significant measures had been adopted, such as the passing by the Palestinian Legislative Council of the 2004 budget, the start of voter registration and the important decision to pay the salaries of all security personnel through bank transfers. However, it observed that a real political commitment by both parties was still lacking and was hampering progress in many areas, especially in the judicial and legislative fields.

C. Donor coordination

72. The Ad Hoc Liaison Committee for the Coordination of International Assistance to Palestinians met in Rome on 10 December 2003. This was an early opportunity for members of the newly appointed cabinet of Prime Minister Ahmed Qurei to engage in a high-level multilateral discussion. The Palestinian Authority submitted an integrated budget for 2004 as well as a detailed socio-economic stabilization plan for 2004-2005, both of which illustrated positive efforts by the Authority. Israeli Foreign Minister Silvan Shalom outlined his Government's agenda — an Israeli proposal to help create employment opportunities for Palestinians by establishing industrial estates in the West Bank and Gaza Strip, setting up commercial centres close to the Green Line and enhancing cross-border economic cooperation and trade.

73. During the meeting, the donor community voiced concerns over the critical economic and humanitarian situation in the Palestinian territory and ongoing impediments to the delivery of aid to the Palestinian people. Donors also stressed the need for further reforms within the Palestinian Authority and for tangible progress by both parties on the political and economic fronts. Their attention was

drawn to the budget shortfall of approximately \$650 million, which, if left unfunded, was likely to jeopardize the Authority's fiscal position and capacity for service delivery very early in 2004.

74. Coordination mechanisms continued on the ground in the form of the all-donor Local Aid Coordination Committee chaired by the Office of the Special Coordinator, the Norwegian Representative Office and the World Bank for overall donor coordination, the Task Force on Project Implementation composed of the Office of the Special Coordinator, the European Commission, the World Bank and USAID, and the Humanitarian Emergency Policy Group, which comprises a larger group of donors. For each of those bodies, much effort was spent addressing access issues, the impact of the barrier and the Palestinian Authority fiscal situation.

V. Challenges ahead

A. Political challenge

75. As bleak as the current circumstances are, it is important that the international community continue to act with determination to move forward and again strive for a lasting and comprehensive peace. The Palestinian Authority must reform its own security apparatus, as required by the Road Map, and show determination to act decisively on the ground in order to end the use of violence. The Government of Israel must halt all actions encroaching upon the territorial rights of the Palestinians and strictly observe the provisions of international law in its conduct as an occupying Power. The international community continues to stand by its Road Map and the goals stipulated in it. Security Council resolutions 1397 (2002) and 1515 (2003) are reflections of that staunch commitment. The United Nations Special Coordinator for the Middle East Peace Process continues to work with the parties to restart the peace process.

76. The announced intention of Israel to withdraw unilaterally from the Gaza Strip and parts of the West Bank could create an opportunity for a resumption of a meaningful peace process. But for that to happen, the Israeli withdrawal must be complete, consistent with the Road Map and with similar steps taken in the West Bank and coordinated with the international community and the Palestinian Authority. The latter must take this opportunity to foster security, rebuild political control and revive the Palestinian economy. The international community must demonstrate a forceful and committed engagement, including through a presence on the ground, to ensure incremental progress. United Nations agencies, in collaboration with other donors, should also be prepared to play a leading role in assisting in rebuilding the shattered Palestinian economy. Arab States should also play their part by responding with positive gestures. Only through the combination of efforts by all the parties, assisted by the international community, can the current bleak situation be altered and a more peaceful future pursued.

B. Securing access and protection

77. The continued restrictions in movement have become so integrated into the daily lives of the Palestinian people that their negative effects can no longer be quickly reversed, even if all closure measures are removed in the near future.

Throughout the reporting period, the international community has attempted to engage the Government of Israel at various levels in a policy and operational dialogue to address Israel's security concerns while ensuring the minimum requirements for effective and efficient aid delivery.

78. It is widely expected that the restrictions will remain in place in 2004. With the coping mechanisms employed by the Palestinian civilian population being exhausted and the international community being unable to respond, and in some cases reducing or ceasing some of their operations as a result, the negative social and economic effects will be even greater in 2004 than they were in 2003. Only a resolution of this issue as part of a political process will ease the conditions of the Palestinian people.

C. Responding to needs still unmet

79. While many United Nations agencies place their primary focus on various development and emergency response initiatives, considerable attention is also being focused on the ever-growing sector of "unmet needs".

80. Despite its efforts, FAO has categorized its initiative to support the coordination of food security and agricultural emergency and rehabilitation interventions as an unmet needs project that still requires further development. Support for backyard vegetable and small-stock production projects in the most vulnerable communities is another initiative coordinated by FAO, which has yet to achieve its final goals. To address further unmet needs, FAO will support the Ministry of Agriculture's efforts to rehabilitate irrigated farming systems through a variety of proposed measures.

81. Through its assessment procedures, UNCTAD has identified several areas as "priority needs still unmet" and has provided accompanying proposals for responding to them. A joint UNCTAD-ILO project is proposed to build Palestinian capacity in the area of economic policy formulation and design of development strategies based on quantitative modelling techniques. It is hoped that this project will be the final step required for the provision of an integrated framework for macroeconomic, trade and labour policy analysis. Building on UNCTAD expertise, it is hoped that sustainable food security for small farmers can be addressed by promoting a financing mechanism for farmers' export activities, providing access to international market information and channels, providing international trade finance facilities and developing plans for storage and other trade facilities. All of these initiatives are designed to promote much-needed food security through international commodity trade.

82. In its new country programme, which began in January 2004, UNICEF will draw on lessons learned in 2003 in its efforts to address areas identified as unmet needs. Current assessment results have identified the following areas as priorities: (a) increasing efforts to ensure that all Palestinian children have access to high-quality and uninterrupted education; (b) contributing towards maintaining the health status of women and children; (c) expanding child protection components to better address increasing violence and develop more conducive environments for child growth and development; and (d) promoting the participation and development of adolescents.

83. As part of the report of the Executive Director on the implementation of Commission on Human Settlements resolution 18/12 (HSP/GC/19/2/Add.3), UN-Habitat describes the key priority areas of housing challenges facing Palestinians in the occupied Palestinian territory and outlines suggested actions for addressing them. The following areas are identified as priority areas of concern: institutional capacity of the Palestinian Authority and municipal authorities; finance for low-cost housing; shelter delivery systems and coordination mechanisms; monitoring and analysis; and shelter policy.

84. Unmet needs that UNDP considers to be of the highest priority are emergency assistance to communities affected by the barrier, reform of Palestinian Authority institutions and employment generation. UNDP plans to continue to work to mobilize additional funds to meet emergency needs and to alleviate the hardships faced by communities affected by the barrier, as well as to carry out its ongoing reform projects as described above.

VI. Observations

85. In last year's report (A/58/88-E/2003/84 and Corr.1) referred to the reduction in the capacity of Palestinians to function effectively and a growing dependency upon aid — budgetary, technical and humanitarian. This trend continues, and the significance of the United Nations agencies and their role in the occupied Palestinian territory has never been greater — nor has there ever been a time when it has been more difficult to operate.

86. A two-track strategy — balancing emergency needs against development goals that support a viable Palestinian Authority, has been the basis of the United Nations approach for the past three years. Although less than preferable, it has become the modus operandi for relief efforts in the occupied Palestinian territory. As a result of their considerable efforts, the United Nations system and donors have achieved measured success in both emergency and development assistance. Unfortunately, those successes have been overshadowed by the escalation of the crisis, which has led not only to loss of life, but also to a reversal in the progress made in the socio-economic sectors.

87. Humanitarian and financial assistance will not by themselves serve as a solution to the political crisis affecting the lives of the Palestinians and Israelis. A solution regarding the status of the Palestinian people, as well as the economic situation and humanitarian crisis, is linked directly to respect for international law and the achievement of a peaceful resolution of the conflict.

88. As a matter of priority, the Government of Israel must ease restrictions and work closely with United Nations agencies, donors and humanitarian organizations to ensure that aid and development projects are delivered in a timely and comprehensive manner. Effective steps by the Palestinian Authority to lessen Israel's security concerns would facilitate such an effort. The international community must not lose its focus despite the challenges; I draw particular attention to the latest emergency appeal of UNRWA.

89. The events of the past year have demonstrated how desperately the people of the Middle East need a political solution to their long conflict. There will be no peace unless each of the parties, the region and the wider international

community is ready to play its part. To this end, the Quartet and others are making a concerted effort to engage the parties in a political process through negotiations that would ultimately bring an end to the Israeli occupation of Palestinian territory that began in 1967. Only then can the suffering of the Palestinians, and of Israelis, be alleviated. The United Nations system will continue to carry out its work in support of that goal.

Notes

- ¹ *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 13 and corrigendum and addendum (A/58/13 and Corr.1 and Add.1).*
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