



House of Commons
International Development
Committee

The UK's Development Work in the Occupied Palestinian Territories

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to the report*

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Summary

DFID has a long-standing bilateral programme in the Occupied Palestinian Territories (OPTs), comprising the West Bank, the Gaza Strip and East Jerusalem. This is the focus of our inquiry and we do not comment directly on the Peace Process and political matters which are rightly the concern of the Foreign Affairs Committee. It is, however, impossible to consider DFID's work in the OPTs entirely separately from political considerations: one of the rationales for the OPT bilateral programme is to keep the peace process and a two-state solution alive. Moreover, a key issue for the Palestinian economy is restrictions which restrain economic development and which DFID programmes are seeking to alleviate.

After the 1967 conflict, the OPTs were under the full control of Israel, the occupying power. Under the Oslo II Accords in 1995, as a pre-cursor to a full and final peace settlement, the West Bank was split into Areas A, B and C. The Palestinian Authority (PA) has full control in Area A, and full control of civil matters in Area B (it shares control of security matters with the Government of Israel). In Area C, however, the Government of Israel has full control. While this was intended as a temporary measure, awaiting a final peace agreement, after the breakdown of the Camp David talks and the Second Intifada in 2000, progress stalled. An agreement over the permanent status of the Territories remains elusive. Israeli-Palestinian talks aimed at achieving a "two-state solution" (i.e. the establishment of an independent and viable Palestinian state living side by side in peace and security with the State of Israel) were recently suspended indefinitely. The recent escalation of violence does not bode well for peace negotiations. We regret the recent suspension of peace between the Government of Israel and the Palestinians. We note with sadness the violence recently committed by both Palestinian and Israeli extremists. We understand the revulsion which many Israelis feel for Hamas, which has called for the destruction of the Israeli state. Nevertheless, in the long run there has to be agreement between Fatah and Hamas which should result in peace talks between such a unified Palestinian government and Israel. All parties to these peace talks, including Hamas, must accept the Quartet's principles if there is to be a two-state solution.

We recognise the decision to split the West Bank into areas A, B and C was a precursor to a full and final peace settlement. However, in the absence of that peace settlement we believe there are ways that can ensure greater Palestinian economic activity without compromising Israel's security. In October 2013 the World Bank published a report which stated that the potential contribution of Area C to the Palestinian economy is large. Area C is richly endowed with natural resources and it is contiguous, whereas Areas A and B are smaller territorial islands. The manner in which Area C is currently administered virtually precludes Palestinian businesses from investing there'. It added that 'Neglecting indirect positive effects, we estimate that the potential additional output from the sectors evaluated in this report alone would amount to at least USD 2.2 billion per annum in valued added terms—a sum equivalent to 23% of 2011 Palestinian GDP.'

A number of specific restrictions in Area C, for example relating to construction permits, demolitions, access to water and 3G and 4G were drawn to our attention in evidence and

during our visit. A lot of the evidence we were given on our visit is difficult to reconcile with that subsequently provided by the Israeli Embassy, but we do believe that there are restrictions which inhibit economic development in the OPTs. In Gaza, from where rockets have been indiscriminately launched on Israel, restrictions, in particular on movements, are even more severe than on the West Bank: ordinary Gazans are not generally allowed to leave Gaza, whilst trade is heavily restricted.

A major issue in the light of the suspension of the Peace Process and the current violence is whether the UK should continue to press for the removal of restrictions to improve the economic conditions of the Palestinians or whether it should accept that decisions cannot be taken on most of these issues except as part of the Peace Process. Peace has not been achieved in the last 40 years and the peace process has stalled. In our view this makes it all the more necessary to seek now to improve conditions and the economy in the OPTs, which is in everyone's interests. We do not believe all the restrictions can be justified on security grounds and that for the sake of the development of the Palestinian economy and Palestinian livelihoods and in the absence of progress on peace, the UK in concert with other European countries should put pressure on the Government of Israel to lift some of the restrictions in the OPTs. The UK should encourage both sides to negotiate to address the disputed issues, including Palestinian access to 3G and 4G services in the West Bank, and greater access to the West Bank aquifer, construction permits, demolitions and master plans.

We were shocked by what we saw during our visit to Hebron. We fully appreciate Israel's security concerns, but these concerns in no way justify the present restrictions on Palestinians in Hebron, which affect their livelihoods, economic development and security. We recommend that the Government put pressure on the Israeli authorities to lift these restrictions as a matter of urgency

Since 1967, contrary to international law, the Government of Israel has authorised the construction of many settlements for Israeli citizens in the OPTs. The presence of the settlements, and the consequent inability of Palestinians in Area C to control their own resources, severely restrict the Palestinian economy. We are extremely concerned about the potential for further settlement expansion, especially around Jerusalem.

Palestinians and some Israelis and Israeli organisations we met believe that the international community could exert its influence to restrict the expansion of settlements. The UK should in concert with other European countries stress to the Israeli authorities the unacceptability of the present situation. DFID should also support the World Bank programme which is helping the Palestinian Authority with land registration.

We welcome the UK's decision to introduce labelling guidelines calling for products made in Israeli settlements to be labelled as such: this allows consumers to make an informed decision as to whether they wish to purchase such products. We continue to support strong economic ties between the UK and Israel. However we consider that it is very important to find out whether the introduction of labelling guidelines for products made in Israeli settlements have been effective, including whether they have been implemented by major

retailers and what effect they have had on the sales of products from the settlements in the UK. We strongly recommend that the UK Government undertake a review of the implementation and impact of the introduction of labelling guidelines. We also recommend a review of the initial impact of the introduction of the 2013 EU guidelines on the territorial application of EU funding.

To assist the economic development of the OPTs, DFID has recently launched its Palestinian Market Development Programme, which we strongly support, but we believe that it could do more in this area. We recommend that DFID launch a Private Sector Grant Facility and Development Impact Bonds in the OPTs, as the Portland Trust recommended.

If a two-state solution is to be achieved, it will require genuine support and buy-in from ordinary people on both sides. The UK Government should fund organisations, which can bring together people of all faiths. As part of this, it should fund organisations, which can bring together people of all faiths. We met a number of individuals from organisations which appeared well equipped to do this, including Cherish, Bethlehem Bible College and other Palestinian Christian organisations, which we met at the college.

The two main elements of DFID's bilateral programme in the OPTs are the provision of funding to United Nations Relief and Works Agency for Palestine Refugees (UNRWA) and the Palestinian Authority, in roughly equal amounts. DFID's funding to UNRWA plays a vital role in enabling UNRWA to deliver basic services. While there are weaknesses in UNRWA's work, it has made efficiency improvements and we recommend that this funding continue, but DFID must maintain pressure on the organisation to make further efficiencies.

DFID's funding to the PA aims to prepare it for the eventual assumption of governmental functions in a future Palestinian state. We have a number of serious concerns about the work of the PA, including the way it funds the families of prisoners. We urge the UK to help the PA to replace the current method of funding with welfare payments to prisoner's families based on poverty levels and need.

The progress on peace talks has been frustrating and difficult, but failure to reach an agreement eventually would have devastating consequences on both Israelis and Palestinians. In view of this, we believe that it is essential that the UK continues to support the talks, keep hopes of peace and the two state solution alive and to provide funding to support the Palestinians.

1 Introduction

1. The UK's development assistance programmes have traditionally prioritised poorer countries in sub-Saharan Africa and South Asia rather than the middle income countries of the Middle East. In recent years, the Syrian Civil War and consequent humanitarian crisis have led to a significant increase in DFID activity in the region: The UK has committed £600 million in humanitarian assistance since the crisis began.¹

2. In addition, DFID has a long-standing bilateral programme in the Occupied Palestinian Territories (OPTs), comprising the West Bank, the Gaza Strip (Gaza) and East Jerusalem.² DFID's expenditure on its Palestinian programme was £87.7 million in 2012–13.³ Its programme focuses on three areas: state building, wealth creation and poverty and livelihoods.

3. After the 1967 conflict, the OPTs were under the full control of Israel, the occupying power. During the 1990s the Oslo Process gave the newly-formed Palestinian Authority control over some areas of the Occupied Territories as a precursor to a full and final peace settlement,⁴ but an agreement over the permanent status of the Territories remains elusive. Israeli-Palestinian talks aimed at achieving a “two-state solution” (i.e. the establishment of an independent and viable Palestinian state living side by side in peace and security with the State of Israel) were recently suspended indefinitely.

4. The two issues (the Syria crisis and the situation in the OPTs) are in some ways connected. For example, among those displaced by the Syrian crisis are many Palestinians, descended from those who were themselves displaced during the 1948 Arab-Israeli War. The UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), one of DFID's key partners, provides assistance to Palestine refugees throughout the region, including in Syria.

5. While there are connections between the humanitarian work consequent upon the Syrian Civil War and DFID's programme in the OPTs, we have decided to produce two reports: the first, on UK support for humanitarian relief in the Middle East was published on 2 July 2014.

6. We launched our inquiry into DFID's development work in the Middle East in December 2013. In the report on humanitarian relief we list the written and oral evidence we took. On the OPTs we received written evidence from a range of individuals and organisations including academics, UN organisations and NGOs. We also held three oral evidence sessions. Witnesses at the oral sessions included the Rt Hon Alan Duncan MP, the Minister of State for International Development; Daniel Levy, Head of the Middle East

1 DFID_Syria_Humanitarian_Programme_Summary_15.07.14.pdf

2 DFID – Palestinian programme Operational Plan

3 DFID Annual Report 2012/13

4 <http://www.ps.undp.org/content/papp/en/home/countryinfo/>

and North Africa Programme at the European Council on Foreign Relations (ECFR); and UNRWA.

7. We also visited the region in March 2014, spending time in Lebanon, Jordan, the West Bank and Israel. While in the OPTs, we visited many locations on the West Bank, including Bethlehem and the check point at the wall, the E1 zone to the north east of Jerusalem, Hebron and the Jordan valley. We had hoped to visit Gaza, but were denied permission to do so by the Israeli authorities; we were, however, able to go to the border crossing at Erez. We met Palestinians, including members of the Palestinian Authority and the Mayor of Bethlehem. In Bethlehem we were able to hear the views of Palestinian Christians, whose numbers have been declining for decades. Unfortunately, there was industrial action at the Israeli Ministry of Foreign Affairs which made it difficult for us to meet Israeli officials. We had arranged to meet Minister Steinitz, but he was unable to attend the meeting; instead we met Yossi Kuperwasser, the Director General of the Israeli Ministry of Strategic Affairs. We also met Dov Weissglass, chief of staff of former PM Sharon. We had meetings with several INGOs as well as Israeli NGOs close to PM Netanyahu's Government, such as NGO Monitor, and Israeli NGOs which work with Palestinians such as BIMKOM. We were also able to spend time with DFID and FCO officials.

8. We have also had several discussions in the UK, including with the former Bishop of Exeter, Rt Revd Michael Langrish, and, on our return from our visit, with Daniel Taub, the Israeli Ambassador to the UK, who subsequently provided new information that significantly contradicted the evidence we had received during our visit. The evidence on which this report was based was taken before the recent events in Israel and the OPTs.

9. We are grateful to all those who helped us during our inquiry, including Eva Svoboda of the Overseas Development Institute (ODI) for serving as our Specialist Adviser.

10. In this report our main role is to examine the effectiveness of DFID's programmes, not to comment on foreign policy. It is, however, impossible to consider DFID's work in the OPTs entirely separately from political considerations: one of the rationales for the OPT bilateral programme is to keep the peace process and two state solution alive. Moreover, a key issue for the Palestinian economy are restrictions which restrain economic development and which DFID programmes are seeking to alleviate.

2 The OPTs: the background

Israeli-Palestinian negotiations

11. The most recent Palestinian Authority legislative election, in January 2006, left Hamas as the largest party.⁵ The Charter of Hamas calls for the destruction of Israel, although this phrase was dropped in Hamas' manifesto prior to the 2006 elections. In May 2014 Abu Marzouk, deputy chairman of Hamas political bureau, in an interview said that Hamas will not recognise Israel.⁶ Following the 2006 election a national unity government was formed by Hamas and its rival, the previously-ruling Fatah.⁷ However, tensions between Fatah and Hamas spilled over into violent conflict during June 2007, with Hamas taking control of the Gaza Strip by force.⁸ Indiscriminate rocket attacks against Israeli civilians from the Gaza strip have continued since. The Palestinian Authority (under the sole control of Fatah) remained in power in the West Bank.⁹ On 23 April 2014, Fatah and Hamas announced the signing of a reconciliation agreement. Under this agreement a coalition government is set to be formed within weeks, with elections due to take place later in the year.¹⁰

12. In response to Fatah's reconciliation with Hamas, Israel suspended its direct, US-brokered talks with the Palestinians indefinitely. The talks, which have been underway since August 2013,¹¹ seek to achieve the end of the occupation by means of a two-state solution; the UK had expressed its full support for the talks.¹²

13. The talks had already run into significant difficulties before their eventual suspension on 23 April. Each side's participation in the talks had been conditional on certain concessions made by the other side: Israel agreed to release 104 Palestinian prisoners, whilst the Palestinians agreed to refrain from upgrading their membership of UN organisations.¹³ In early April Israel demanded the "review" of the peace process, and cancelled the release of the final tranche of Palestinian prisoners. This was a response to the Palestinian Authority's decision to resume its campaign for membership of 15 UN

5 <http://www.theguardian.com/world/2006/jan/26/israel1>

6 While in May 2014 Abu Marzouk, deputy chairman of Hamas political bureau, in an interview said that Hamas will not recognise Israel, he also said that 'at the same time, Hamas will not burden the next government's success with hurdles and obstacles. On the contrary, it will strive to market it internationally. We were encouraged by the level of regional and international acceptance of the reconciliation. Russia and the European Union endorsed it, and the American and Israeli stances against it saw some marked retreat, which is encouraging' (<http://www.usnews.com/news/articles/2014/05/06/recognizing-israel-a-red-line-for-hamas-says-abu-marzouk>).

7 <http://www.theguardian.com/world/2007/mar/18/israel>

8 <http://www.theguardian.com/world/2007/jun/15/israel4>

9 DFID, written evidence

10 <http://www.theguardian.com/world/2014/apr/23/plo-hamas-agree-unity-pact-form-government> 24 April

11 <http://www.theguardian.com/world/2014/apr/24/middle-east-israel-halts-peace-talks-palestinians> 24 April

12 DFID, written evidence

13 DFID, written evidence

organisations; for the Palestinians, the decision to pursue the UN “route” was itself a response to delays in the prisoners’ release.¹⁴

| Date | Event |
|--------------|--|
| 1995 | Oslo II Accords signed; West Bank divided into Areas A, B and C. |
| January 2006 | Palestinian Authority legislative election leaves Hamas as largest party |
| March 2007 | Hamas and Fatah form national unity government in OPTs. |
| June 2007 | Violent conflict between Hamas and Fatah; Hamas seizes Gaza; Israeli blockade of Gaza begins |
| August 2013 | Israeli-Palestinian talks begin |
| April 2014 | Hamas-Fatah reconciliation; Israeli-Palestinian talks suspended |

Sources DFID, written evidence

14. In her evidence to us Cathy Ward, Deputy Head of the Near East Department at the Foreign & Commonwealth Office (FCO), remained cautiously optimistic that the talks might restart. She said: “Our sense in the Foreign Office is that we do not believe that all hope is lost. We believe that the US does not think that either; those are the latest indications.”¹⁵

15. Subsequently, the situation has deteriorated with the murder of 3 teenage Israeli boys outside Hebron. This was followed by the deaths of Palestinians, including the murder of a teenage Palestinian in what has been reported as a revenge attack.

16. One of the consequences of the suspension of the peace talks is that it threatens to postpone the lifting of restrictions on economic development in the West Bank. In response to our questions about these restrictions, the Embassy of Israel informed us

Many of these issues need to be addressed within the framework of final-status peace negotiations, it is difficult to address them in isolation and outside the broader context of Israeli-Palestinian relations.¹⁶

17. We regret the recent suspension of peace talks between the Government of Israel and the Palestinian Authority. We note with sadness the terrible crimes recently committed by both Palestinian and Israeli extremists. We understand the revulsion which many Israelis feel for Hamas, whose charter calls for the destruction of the Israeli state. We condemn the continuous rocket attacks on Israel from the Hamas-controlled Gaza Strip, which show the seriousness of Israel’s security concerns. Nevertheless, in the long run there has to be agreement between Fatah and Hamas which should result in peace talks between such a unified Palestinian government and Israel. All parties to these peace talks, including Hamas, must accept the Quartet’s principles if there is to be a two-state solution. Moreover, we believe that the reconciliation increases the likelihood that Hamas will one day accept Israel’s right to exist. US Secretary of State John Kerry had shown extraordinary leadership in bringing the parties to the table, and despite the murders of late June and July we remain hopeful that the current suspension will be temporary rather than permanent.

14 <http://www.theguardian.com/world/2014/apr/03/israel-palestine-prisoners-talks-reviewed> 3 April

15 Q163

16 Israel Embassy, written evidence

18. The suspension of the peace process should not lead to the suspension of discussions to lift restrictions on economic development in the OPTs. These cannot await a peace agreement; there has not been a final peace settlement in over 40 years and there may not be one for many years. The stalling of the peace process should not prevent the UK from encouraging economic development in the OPTs and encouraging the removal of those restrictions which are not justified on security grounds. Indeed, we see it as in everyone's interest to increase prosperity in the OPTs.

3 Economic development in the OPTs

The Portland Trust and DFID's Palestinian Market Development Programme (PMDP)

19. In her evidence Nicola Cobbold, CEO of the Portland Trust, underlined the importance of economic development in the OPTs: "If the [Israeli-Palestinian talks] now collapse, I do not think we can afford to allow the [...] economy to collapse as well; therefore, it is [...] important to try to maintain [the economy] in order to bring back the political process."¹⁷ DFID informed us that according to a recent study, Israeli restrictions on the OPTs (discussed below) cost the Palestinian economy at least 85% of its GDP (2010 figures).¹⁸ The Quartet Representative, Tony Blair, has recently spoken of "the enormous potential of the Palestinian economy."¹⁹

20. DFID's main initiative in this field is its newly-established Palestinian Market Development Programme (PMDP). This £15.3 million programme provides matching grants plus technical assistance, and is expected to support at least 480 companies.²⁰ Nicola Cobbold described the programme as "very important and very focused".²¹

21. The Portland Trust makes a number of recommendations as to how the UK might best support the Palestinian private sector, including by launching a Private Sector Grant Facility (PSGF).²² The Dutch Government's "PSOM" programme operates along similar lines, providing financing to Dutch organisations to encourage them to invest in Palestinian companies: during our visit we met representatives of the Chamber of Commerce in Hebron, who were most appreciative of PSOM. Further details of the Portland Trust's suggestions are provided in Box 1 below.

Box 1

Recommendations made by the Portland Trust

- **Private Sector Grant Facility (PSGF).** The facility would pool together aid money to be used as grants, which would in turn enable critical large scale private sector investment projects to proceed. The PSGF would finance up to 15% of private sector investment in projects that would otherwise not be able to materialise, including in much needed infrastructure, housing and energy generation (including solar) projects. With DFID's extensive experience around the world in developing and operating similar funds (including Challenge Funds) they seem well placed to be the lead donor to a PSGF. If £75 million of aid was used in this way it could attract over £500 million in private sector investment.
- **Development Impact Bonds (DIBs).** Based on the model of a Social Impact Bond, DIBs aim to provide upfront funding for development programmes by private investors. Investors will then be remunerated by donors or host-country governments - with a return - if evidence shows that programmes achieve their pre-agreed outcomes. The UK's Social Finance and the US Center for Global Development are leading the development of DIBs,

17 Q91

18 [DFID, written evidence](#)

19 <http://nsnbc.me/2014/03/10/prague-conference-palestinian-economy-highlights-potentials-omissions/>. The Quartet comprises the UN, the US and Russia; its role is to help mediate Israeli-Palestinian talks.

20 [DFID, written evidence](#)

21 Q88

22 [Portland Trust, written evidence](#)

with DFID having been a key member of the Working Group. Work is currently underway to consider where DIBs could be used in the Palestinian context. A number of areas are being explored including lowering the incidence of type 2 diabetes.

- **Public-Private-Partnerships (PPP).** Many private sector projects in the Beyond Aid initiative are likely to require PPPs (especially in infrastructure and energy). However there is currently little local experience of such structures and mechanisms. The British Government, with its own extensive experience of PPPs would be well placed to provide such assistance, for example through the training and capacity building programme in PPPs under development by Infrastructure UK. Further down the line the actual construction of many infrastructure and energy projects (including waste-water treatment plants), will be largely dependent on donor and government support.
- **Training / Human Capital Development:** The Portland Trust launched a project in 2012 to address the skills gap in different economic sectors in Palestine. It partnered with Palestinian business leaders and international companies to place mid-level executives from the most established companies in Palestine with world class companies in the UK for fellowship positions lasting between two weeks and two months. The participants developed specific skills relevant to the management of their own companies in the West Bank. As of March 2013, The Portland Trust had placed ten fellows in the UK, but the programme had to stop because of difficulties in obtaining visas for participants. A specific intervention by the UK authorities to ease the visa process and allow this and other similar programmes to continue could create real impact.

Source: adapted from Portland Trust written evidence
<http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm>

Nicola Cobbold told us that the Portland Trust was discussing these suggestions with DFID:

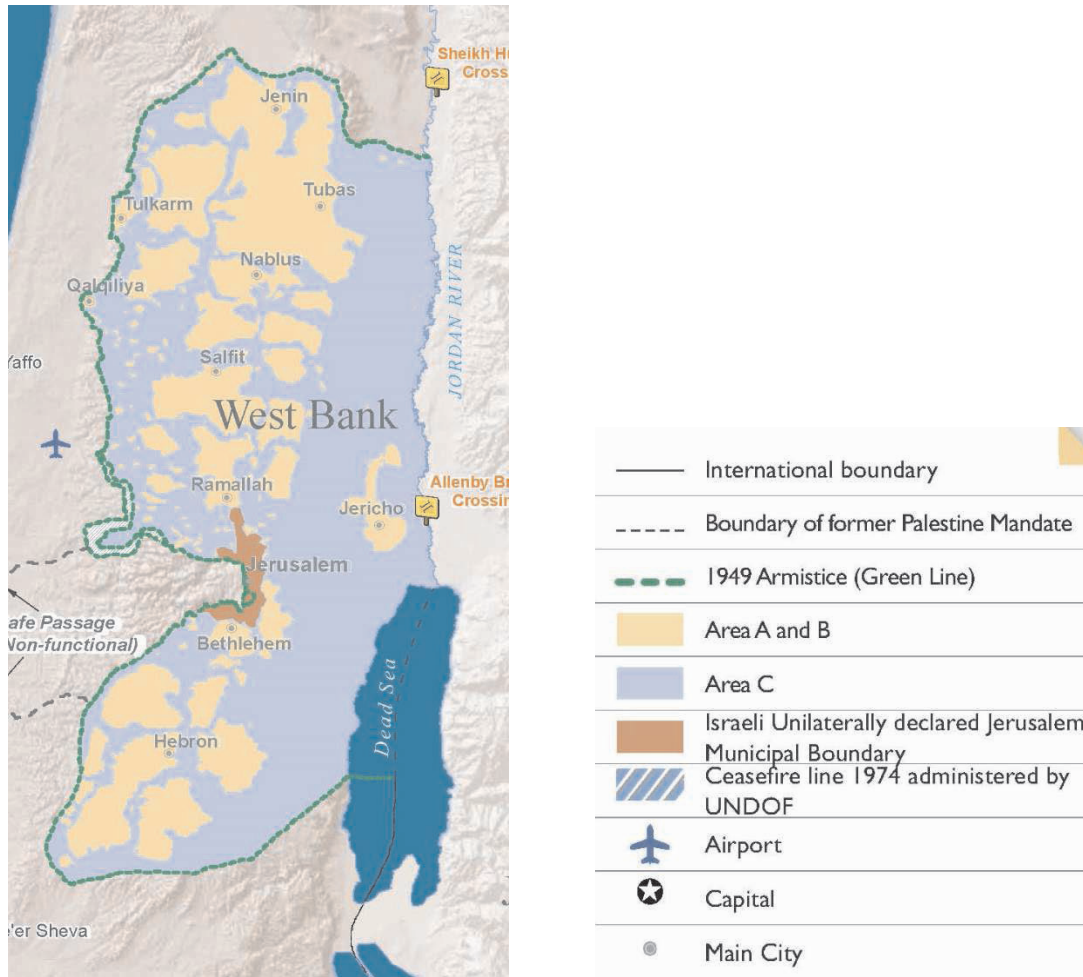
We are exploring the Palestinian grant leveraging facility carefully with them, and the public-private partnership as well. The development impact bond has a bit further to go; there is no expertise on the ground in the Jerusalem office there, but we are in discussion with them. On the visa, as an interim basis, the British Council have agreed to sponsor the programme and create a tier 5 sponsorship bond for us to enable the programme to go, but it remains expensive, so we would still welcome some cross-Government support in trying to resolve this issue.²³

22. If the OPTs are to enjoy a better future, promoting economic development will be of the utmost importance. We strongly support DFID's recently-launched Palestinian Market Development Programme (PMDP), but we also believe that it could do more in this area. We recommend that DFID launch a Private Sector Grant Facility (PSGF) and Development Impact Bonds (DIBs) in the OPTs, as the Portland Trust recommended.

The West Bank

23. As part of the Israeli-Palestinian Peace Process, an Interim Agreement was reached in 1995 on the West Bank and the Gaza Strip, known as the Oslo II Accords. The West Bank was split into Areas A, B and C. This was a temporary measure, seen as a stepping stone to a peace agreement, initially planned to last for a five-year period, but has endured until today. The PA currently has full control in Area A, and full control of civil matters in Area B (it shares control of security matters with the Government of Israel). In Area C, however, the Government of Israel has full control. Area C constitutes the majority of the West

Bank: in 1998-99 some land was transferred from Area C to Areas A and B, but as shown by the map below over 60% of the West Bank still falls within Area C,²⁴ including much privately owned Palestinian land.²⁵



Source: OCHA

24 DFID, written evidence

25 UNOCHA OPT: The humanitarian impact of Israeli settlement policies; January 2012

The World Bank's Report

24. Area C is the most fertile area of the West Bank, with greater water resources than Areas A and B: it includes the Jordan Valley, which has been described as the “bread basket” of the OPTs.²⁶ In a report in October 2013 the World Bank stated that

‘access to this area for most kinds of economic activity has been severely limited. Yet, the potential contribution of Area C to the Palestinian economy is large. Area C is richly endowed with natural resources and it is contiguous, whereas Areas A and B are smaller territorial islands. The manner in which Area C is currently administered virtually precludes Palestinian businesses from investing there.

It added that

‘Neglecting indirect positive effects, we estimate that the potential additional output from the sectors evaluated in this report alone would amount to at least USD 2.2 billion per annum in valued added terms—a sum equivalent to 23 percent of 2011 Palestinian GDP...The bulk of this would come from agriculture and Dead Sea minerals exploitation.’²⁷

25. We note the huge benefits which greater access to Area C would bring to the Palestinian economy.

Demolitions and their effect on development

26. In Area C, Palestinian individuals or organisations wishing to erect any new structures are required to obtain a permit from the Israeli authorities. These permits are very difficult to obtain, with applications often subject to indefinite delay.²⁸ Oxfam informed us that between 2009 and 2012, 1,640 applications were submitted but only 37 were approved.²⁹ On the other hand the Embassy of Israel informed us:

In recent years, Israel has approved over 300 development plans for Palestinians in Area C. These include medical facilities, water and electricity lines, roads, wastewater treatment plants, garbage disposal, among others.³⁰

27. On our visit we met a factory owner in Hebron who wished to expand his business by building a new factory with new equipment. He told us that the best place to do this in terms of cost and space would be in Area C, but it was uncertain whether he would get permission.

28. Many Palestinians erect structures without permits, but we were informed that these structures are frequently demolished by the Israeli authorities; and in almost all

26 [Oxfam, written evidence](#)

27 World Bank: Area C and the Future of the Palestinian Economy, October 2013

28 [Save the Children, written evidence](#)

29 [Oxfam, written evidence](#)

30 [Israeli Embassy, written evidence](#)

circumstances these demolitions are contrary to international humanitarian law.³¹ According to DFID during 2013, 663 structures were demolished (an increase of 59 on the previous year), with over 1,100 Palestinian residents displaced.³² Bedouin communities are badly affected by demolitions. Save the Children informed us that it provided assistance to communities affected by demolitions, but this assistance was sometimes blocked or confiscated. Moreover, some of the affected groups (5,000 people in 38 communities) lived in areas designated by the Israeli authorities as firing zones: it was difficult for Save the Children to gain access to these areas.³³

29. In its written evidence, the Israeli Embassy stated: “When an unauthorized building is constructed, the authorities issue an order either to halt construction or to demolish the building. On receipt of such an order, interested parties may [...] appeal the decision. [...] If the interested parties do not exercise their right to appeal or if the appeal is declined, a demolition order will be sent to those in charge instructing them to dismantle the unauthorised structure. If this order is not carried out, and no appeal has been submitted, then the authorities will send a demolition crew.”³⁴

30. In a similar way to buildings, crops planted by Palestinian are often subject to destruction. During our visit we saw a group of Israeli settlers destroying Palestinian-planted crops, with Israeli forces watching on; a Palestinian farmer told us that he was 73 and had started picking his uncle's olives when he was ten. In its written evidence, the Israeli Embassy stated that the land in question was public land.

31. Some of the structures subject to demolition are in fact donor-funded (though not funded through DFID's bilateral programme). We were informed by Save the Children that during 2013, 122 donor-funded structures were demolished in Area C and East Jerusalem.³⁵ These included water and sanitation facilities, and livestock support structures.³⁶ The European Union, which receives funding from the UK taxpayer, was amongst the donors affected: it lodged a complaint with the Israeli authorities, but made no attempt to obtain compensation.³⁷ The International Committee of the Red Cross (ICRC), used to construct temporary shelters for those affected by demolitions, but in some cases these too have been demolished.

32. In 2009, in an attempt to ease the blockage, the UK began funding the International Peace Cooperation Centre to submit community planning applications known as master-plans.³⁸

31 [DFID, written evidence](#)

32 [DFID, written evidence](#)

33 [Save the Children, written evidence](#)

34 [Israeli Embassy, written evidence](#)

35 [Save the Children, written evidence](#); Q181

36 Q46

37 [Palestine Solidarity Campaign, written evidence](#)

38 [Oxfam, written evidence](#)

33. DFID's work on master-plans appears to have helped the situation: according to the IPCC, there have been no demolitions in the 32 areas where UK-funded master-plans have been prepared.³⁹ DFID has also helped a number of Palestinians to fight such demolitions through the courts, with some success,⁴⁰ but it is clear that more needs to be done. We received a number of suggestions from NGOs as to how the UK might best respond to the situation: for example, Save the Children encourages the UK to "ensure systematic and intensified high-level communications with the Israeli authorities as soon as demolition or other threats arise."⁴¹ The Embassy of Israel told us

Israel is also in the process of approving 19 master plans for the construction of Palestinian communities in Area C, through coordination with the local population. Three of these master plans have already been approved. A further five of these master plans are currently in the process of being published for consultation.

However, the Embassy noted:

The remainder are currently on hold as a result of the Palestinian Authority's unilateral decisions to seek recognition by UN bodies and establish a unity government with Hamas, in violation of the terms of the peace negotiations with Israel.⁴²

34. While there are disagreements about the extent of the difficulties faced by Palestinians in obtaining construction permits, it is clear that the difficulties have a major negative impact on the Palestinian economy, for example on businesses seeking to expand. We recommend that the UK press the Israeli authorities to grant significantly more construction permits than they have thus far been willing to do.

35. The demolition of many Palestinian structures is contrary to international law. We recommend that the UK seek to persuade the Israeli authorities to refrain from such demolitions where the UK believes such structures are justified. UK representatives should engage with Israeli officials as soon as demolition orders are issued where the UK believes these structures are justified. We also recommend that DFID scale up the important work it is already doing to help Palestinians to contest demolition orders in the courts.

36. Israelis have justifiable concerns about the nature and objectives of Hamas and its role in the PA government, but this should not prevent the Government of Israel from taking forward actions that remove obstacles to the development of Palestinian communities in Area C; specifically the process of developing "Master Plans" for communities in Area C should not be frozen as part of the suspension of Israel's peace negotiations with the Palestinians.

39 Q183

40 [Oxfam, written evidence](#)

41 [Save the Children, written evidence](#)

42 [Israeli Embassy, written evidence](#)

Settlements

37. Since 1967 the Government of Israel has authorised the construction of 150 settlements for Israelis in the West Bank and East Jerusalem. The settlements are entire towns and conurbations: they are not flimsy structures such as cabins, tents or huts. A further 100 “outpost” settlements have been constructed without official Israeli authorisation.⁴³ Of the total surface area of the West Bank, 42.81% has been allocated to regional settlement councils for construction.⁴⁴ As a consequence there are now 300,000 Israelis living in Area C, and only 150,000 Palestinians.⁴⁵ The total number of Israeli settlers in the West Bank as a whole is 530,000.⁴⁶

38. Settlement construction, whether authorised by the Israeli authorities or not, is illegal under international law. Article 49 of the Fourth Geneva Convention states that: “The occupying power shall not deport or transfer parts of its own population into the territories it occupies.” Israel has argued that this does not apply to the OPTs, since the territories were not under any legitimate sovereignty before the Israeli occupation.⁴⁷ However, the international community (including UN bodies, the International Court of Justice and the International Committee of the Red Cross) maintains that the Fourth Geneva Convention does apply.⁴⁸

39. In addition, the settlements are a source of continuing violence from both sides. On the one hand, Palestinians are subjected to violence by Israeli settlers, including attacks carried out by the notorious ‘price tag’ organisation’. On the other hand, Israelis are also victims of violence; for example, the kidnapping and murder of the 3 Israeli teenagers, which sparked the recent escalation of violence, took place near Hebron on the West Bank.⁴⁹

40. Expansion of settlements continues. Of particular concern at present is the proposed expansion of the large Ma’ale Adumim settlement close to Jerusalem: if the expansion goes ahead, a Bedouin herding community will be displaced and will see its livelihood destroyed. This very community was previously displaced from the Negev.⁵⁰ On our visit we met Danny Sidemann, who informed us that the expansion of settlements to the east of Jerusalem (in the area known as E1 which lies between Jerusalem and the Ma’ale Adumim settlement) would threaten the very possibility of a two state solution. The Israeli Embassy stressed that ‘no significant demolitions [had] been carried out in E1, beyond the seizure of

43 [Christian Aid, written evidence](#)

44 [Christian Aid, written evidence](#)

45 [DFID, written evidence](#)

46 [Christian Aid, written evidence](#)

47

http://www.mfa.gov.il/mfa/foreignpolicy/issues/pages/faq_peace_process_with_palestinians_dec_2009.aspx#Settlements4

48 http://news.bbc.co.uk/1/hi/world/middle_east/1682640.stm

49 As the occupying power, Israel is obliged to prevent attacks on civilians, but, we were informed, Israel often fails to abide by this. The Israeli Embassy informed us that ‘price tag’ ‘had been defined as an illegal organization and, accordingly, administrative restraining orders were being used.’ It listed a series of ‘actions that had been taken to combat “price tag” attacks.

50 Q45

illegal mobile homes—some of which were recently supplied by international organizations. There is no Israeli construction in E1'.⁵¹

41. According to UN OCHA the settlements' "regional councils" cover 70% of the surface area of Area C; across the whole of this area, Palestinian individuals and organisations are prohibited from erecting structures.⁵²

42. During our visit, we were told that much of the land in the OPTs is unregistered; this facilitates the expansion of settlements. The Israeli Embassy informed us that the Military Commander published a Military Order immediately after the Area came under Israel's control, stating that the law in place on the eve of the Six Day War would remain in force unless amended or abolished by a military order. All amendments that have been adopted since 1967 have been enacted in accordance with the security legislation published by the Military Commander.' The law in force in 1967 was often Ottoman Law or Jordanian Military Law.

43. We asked the Minister of State whether DFID would consider helping the Palestinian Authority with land registration; he said: "This is complicated by occupation, but in principle you are absolutely right. We go around the world preaching the virtues of land ownership and its proper registration, because it is a fundamental foundation block of the rule of law."⁵³ Jonathan Hargreaves, Head of DFID's Palestinian Programme, added:

There is an existing World Bank programme supporting land registration, and we are having some very active conversations with them about whether we can support them and also with the Office of the Quartet Representative. It is something that we will look at extremely carefully when we come to our new programming from next year onwards.⁵⁴

44. In 2009 the UK introduced labelling guidelines calling for products made in Israeli settlements to be labelled as such, thus enabling UK consumers to make an individual choice as to whether they wish to purchase such products.⁵⁵ Daniel Levy told us that he considered such labelling "absolutely legitimate."⁵⁶ Cathy Ward, Deputy Head of the Near East Department at the Foreign & Commonwealth Office (FCO) said:

We were one of the key movers behind the introduction of EU guidelines on the territorial application of EU funding, which came out in July 2013. In December of last year, the UK introduced guidance for businesses on human rights. It includes guidance, which is published online in the UK now, about the activity of businesses in settlements.⁵⁷

51 [Israeli Embassy, written evidence](#)

52 [UNOCHA OPT: Area C of the West Bank: key humanitarian concerns; January 2013](#)

53 Q195

54 Q195

55 Q187

56 Q41

57 Q187

The EU guidelines of 2013 which stated that Jewish institutions in the OPTs would not be considered part of agreements between Israel and the EU were seen by some of the organisations we met as effective in highlighting to ordinary Israelis, European countries' opposition to the settlements. Organisations such as Christian Aid and the Palestine Solidarity Campaign argue that the UK should go further by banning the import of products made in Israeli settlements.⁵⁸

45. Israeli settlements in the OPTs are illegal under international law, and we consider them to be unacceptable. The presence of the settlements, and the consequent inability of Palestinians in Area C to control their own resources, severely restrict the Palestinian economy. We are extremely concerned about the potential for further settlement expansion, especially around Jerusalem. Palestinians and some Israelis and Israeli organisations we met believe that the international community could exert its influence to restrict the expansion of settlements if it were to take firmer measures to show its condemnation of the settlements. *The UK should in concert with other European countries stress to the Israeli authorities the unacceptability of the present situation. DFID should also support the World Bank programme which is helping the Palestinian Authority with land registration.*

46. We welcome the UK's decision to introduce labelling guidelines calling for products made in Israeli settlements to be labelled as such: this allows consumers to make an informed decision as to whether they wish to purchase such products. We continue to support strong economic ties between the UK and Israel. However, we consider that it is very important to find out whether the introduction of labelling guidelines for products made in Israeli settlements has been effective, including whether they have been implemented by major retailers and what effect they have had on the sales of products from the settlements in the UK. We strongly recommend that the UK Government undertake a review of the implementation and impact of the introduction of labelling guidelines. We also recommend a review of the initial impact of the introduction of the 2013 EU guidelines on the territorial application of EU funding.

Hebron

47. We visited the city of Hebron, where life is particularly difficult for Palestinians. In 1994, during the Oslo peace process, the settler, Baruch Goldstein, opened fire on praying Muslims in the Ibrahimi Mosque/Cave of Machpela in Hebron, killing 29 and injuring many more. Israelis were then killed in revenge suicide attacks. The Oslo process continued and in February 1997 an agreement on the partial redeployment of the IDF in Hebron was signed and the city was divided in two areas: Area H1, controlled by the PA, and area H2, which continued to be under Israeli military control. Violence escalated in the city after the outbreak of the Second Intifada in 2000, with daily clashes and attacks from both the Palestinian and the Israeli sides. In April 2002, the IDF took full control of the entire city. Permanent watchtowers were erected in the H1-area in 2003. Our tour of H2

⁵⁸ Christian Aid, written evidence; Palestine Solidarity Campaign, written evidence

was facilitated by *Breaking the Silence*, an Israeli NGO which aims to raise awareness among Israelis about the situation in the West Bank. H2 is under full Israeli control, yet its population includes just several hundred Israeli settlers living alongside 40,000 Palestinians. Despite Palestinians constituting the vast majority of the population, H2 contains a number of “restricted areas” where the activities of Palestinians are heavily constrained. On many streets in these areas, Palestinian vehicles are prohibited; some streets are off limits to all Palestinians, including pedestrians.⁵⁹ During our visit we were told that a number of Palestinians live on these streets: their front doors have been welded shut and they are forced to exit their houses via the back door. Whilst walking down one such street we were told that prior to the imposition of restrictions, it used to be the main street of the town. We saw offensive signs, one attached to a Muslim cemetery. An OCHA survey found that in the restricted areas, over 1,000 Palestinian homes (over two-fifths of the total number of homes in the area) had been abandoned.⁶⁰ We saw ecumenical observers who walk with Palestinian children to and from school. We also saw *Breaking the Silence* footage of Palestinian children being verbally and physically abused with almost no protection from Israeli forces.

48. We were shocked by what we saw during our visit to Hebron especially the impact of settlements, which are illegal under international law, on the daily lives of Palestinians. The restrictions on Palestinians have an entirely unacceptable impact on their livelihoods, economic development and security. We recommend that the Government put pressure on the Israeli authorities to lift these restrictions as a matter of urgency.

49. We are concerned that *Breaking the Silence* no longer receives Conflict Pool funding. It is a unique and credible voice which speaks to Israelis about what is done in their name. We recommend that the Government reinstate funding for *Breaking the Silence*.

Access to services

50. During our visit, Palestinians we met complained about their lack of access to water. The Israeli Embassy emphasised that Israel was exceeding the amount of fresh water it was mandated to provide to the Palestinians and that it subsidised the price.⁶¹ The problem seems to be that the Oslo II water regime heavily restricts Palestinians’ access to water. This measure, which was meant to be of temporary nature has never been amended, and thus the water from the Mountain Aquifer continues to be largely extracted by Israel. **While we note the comments of the Israeli Embassy, we are deeply concerned about the continuing validity of the restrictions on Palestinians’ access to water in Area C under the interim Oslo II agreement. The UK should use its influence to encourage Israel and Palestine to reach a more satisfactory agreement about water resources, allowing Palestinians equitable access to the water resources in the West Bank.**

59 UNOCHA OPT, *The humanitarian impact of Israeli settlements in Hebron city*; November 2013

60 UNOCHA OPT, *The humanitarian impact of Israeli settlements in Hebron city*; November 2013

61 Israeli Embassy, *written evidence*

51. We were also told that 3G services were only available in the West Bank to those with an Israeli SIM card—most likely Israeli settlers. In its written evidence, the Embassy of Israel states that following the Fatah-Hamas reconciliation, discussions about 3G in the Israeli-Palestinian Joint Technical Committee (JTC) have been placed on hold.⁶² ***Despite the Fatah-Hamas reconciliation, we recommend that the UK encourage both sides to resume discussions in the Joint Technology Committee (JTC), with a view to enabling users with Palestinian SIM cards to access 3G services and to undertake to reach rapid agreement on 4G services when they are technically available.***

Gaza

52. Since 2007 the Government of Israel has imposed severe restrictions on Gaza. Residents of Gaza are subject to travel restrictions; exports to Israel and the West Bank are banned; and imports of “dual-use” items (items which could be used for terrorist activities) and basic private sector construction materials are banned. Moreover, there are significant restrictions on access to 35% of Gaza’s agricultural land and 85% of its fishable waters.⁶³

53. The travel restrictions on Gaza residents are extremely severe: Gazans are not generally allowed to leave the territory. During our visit we were told that residents of Gaza were allowed to leave to visit “first degree relatives” in special circumstances (e.g. illness or a wedding), but this did not extend to “second degree relatives” (e.g. grandparents). We were also told that whilst Gazans were allowed to travel to Israel for medical treatment, they had to be accompanied, and often had to transfer to an Israeli ambulance at the crossing. Palestinian ambulances require permits to cross the border.⁶⁴

54. Since 2010, we were told, a very small number of people have been allowed to leave Gaza for business- or training-related reasons. The only vehicles allowed across the border were UN and diplomatic vehicles: ordinary Gazans, if allowed to cross at all, had to do so on foot. Between January and June 2013, the average number of people allowed to leave Gaza was less than 200 per day; during the equivalent period in 2000, the average was 26,000.⁶⁵

55. The trade restrictions are equally severe. Between January and June 2013, the average number of truckloads leaving Gaza was less than one per day; during the equivalent period in 2007, the average was 38.⁶⁶ The impact on Gaza’s economy has been hugely damaging: almost 60% of Gaza’s businesses have closed down since the blockade began, whilst another 25% have reduced their staffing levels by 80%. Exports from Gaza have fallen by 97%.⁶⁷ The consequence was the development of an illegal “tunnel economy”, with goods being smuggled between Gaza and Egypt through a number of illegal tunnels. Whilst

62 [Israeli Embassy, written evidence](#)

63 [DFID, written evidence](#)

64 [Israel Embassy, written evidence](#)

65 [UNOCHA OPT: The Gaza Strip: the humanitarian impact of movement restrictions on people and goods; July 2013](#)

66 [UNOCHA OPT: The Gaza Strip: the humanitarian impact of movement restrictions on people and goods; July 2013](#)

67 [Oxfam, written evidence](#)

illegal, these tunnels at least provided some opportunity for trade.⁶⁸ It should also be noted that the tunnels were used for weapons and rockets being smuggled in from Iran and elsewhere. Recently, following the fall of the Hamas-supporting Muslim Brotherhood in Egypt, most of the tunnels have been destroyed.⁶⁹

56. Supply of essential utilities in Gaza is heavily disrupted. Gaza has an aquifer, but it is extremely saline: less than 10% of the water extracted is safe to drink and the aquifer may become unusable by 2016. Only 25% of Gazan households have running water, and then only for a few hours each day. The electricity supply is equally disrupted. Gaza imports 63% of its electricity from Israel, but its capacity to generate its own electricity is constrained by shortages of fuel for the power plant. In its written evidence, the Israeli Embassy attributes these shortages to a dispute between Hamas and the PA about who is responsible for paying for and taxing the fuel.⁷⁰ During our visit we were told that power blackouts occur for between 8 and 16 hours each day. A group of young Gazan entrepreneurs told us that they had had to adjust their working hours as a consequence, including working at night when power was unavailable during the day.

57. The Minister of State told us:

I spoke [...] to the head of the Gaza supply plant, and essentially they have half the generating capacity they need at the best of times and half the feedstock they need for half the capacity. What you end up with is constant power cuts [...] Just before I was there, the electricity went off and all the sewage pumping stations ground to a halt, so the streets were running with sewage, which is not a pretty sight [...] there is a tentative plan to have pylons coming in from the southern corner, from Israel, but the planning for that is essentially blocked. We are trying to champion, where we can, the BG project—a longstanding licence they have held, as yet inoperative—to produce gas just offshore Gaza, but they are not in control of course, without Israeli permission, of their own resource. There is a long-term prospect of a really good energy source from Gaza Marine, which will be of broader economic benefit, because it would produce more gas than Gaza needs, so they would have an export potential. [...] Tony Blair and the Quartet are doing their best to advance it, and it would be a very good solution to their energy problems and to much of their economic plight.⁷¹

The Minister of State also said:

When I was last there, I became seriously concerned by the prospect that UNRWA, which underpins so much that happens in Gaza, will run out of money in the autumn, and we are left with a Gaza with no water, no power

68 [Oxfam, written evidence](#)

69 <http://www.reuters.com/article/2014/01/14/us-egypt-gaza-idUSBREA0D09D20140114> ; [Israeli Embassy, written evidence](#)

70 [Israeli Embassy, written evidence](#)

71 Q197

and no food. The prospects for Gaza, towards the end of this calendar year, are very grim indeed.⁷²

58. In her evidence to us Margot Ellis, Deputy Commissioner-General of UNRWA, said: “I think the best thing that Israel could do for its own security is to allow exports [...] Having an impoverished, marginalised population in Gaza is the worst thing to have at Israel’s doorstep in terms of promoting insecurity.”⁷³ Yossi Mekelberg, Lecturer in Politics and International Relations at Regent’s University, London, said: “The reasons for [the blockade] are political—to weaken Hamas—rather than real security. [...] The fact that the Government of Gaza, or Hamas, is regarded [...] as a terrorist entity does not mean that all the people that live in Gaza are terrorists and have to be punished for it.”⁷⁴

59. In its written evidence, Oxfam argues that:

- a) “DFID should continue to focus on development of economic opportunities and enabling exports of goods from Gaza. In order to be effective, however, all such initiatives need to be accompanied by strong political engagement from the UK and other states.
- b) DFID should consider bolder initiatives aimed at promoting implementation Israel’s existing international agreements to enable Palestinians to travel between Gaza and the West Bank and to enable movement of goods. This could include launching existing plans to open the port or similarly develop plans for a corridor for travel between Gaza and the West Bank.”⁷⁵

60. We fully appreciate Israel’s legitimate security concerns in respect of the Gaza strip, especially in the light of recent events, including rocket attacks on Israel from Gaza. However, we do not believe that all the present arrangements, notably those which affect travel and trade are proportionate. Some are contrary to Israel’s obligations under international law and also run the risk of making the security situation worse. *Given the current situation in the Gaza Strip, it is understandable that the Government of Israel is unwilling to engage in discussions, but, nevertheless, we recommend that the UK encourage the Israeli authorities to lift those restrictions which are not justified by security needs. The UK should also seek to persuade Israel to consider what steps it might take to improve the availability of water and electricity in Gaza.*

61. *We recommend that DFID scale up its work supporting exports from Gaza. DFID should also support the implementation of existing plans to open Gaza’s port, and work to facilitate travel between Gaza and the West Bank, possibly by developing plans for a travel corridor.*

72 Q196

73 Q35

74 Q103–5

75 [Oxfam, written evidence](#)

OPTs: conclusions

62. Israel is a democracy with a strong entrepreneurial culture. We saw in the OPTs similar dynamism and enterprise, which we wish to see encouraged. So much could be achieved if Palestinians and Israelis could work together to foster economic development. We fully understand and appreciate Israeli security concerns, especially in view of the recent murder of three Israeli teenagers outside Hebron and the continuing rockets attacks on Israel from the Gaza Strip. Some of the evidence we were given on our visit is difficult to reconcile with that subsequently provided by the Israeli Embassy, but we were shocked by what we saw in the OPTs. We saw a country whose people have known immense suffering now imposing conditions on their Palestinian neighbours which cause a different but very real suffering and often without real security justification. We saw Israel taking a range of actions that hinder Palestinian economic development and must, at the very least, cause deep resentment on the Palestinian side, even amongst the most moderate and pragmatic people, and so will actually worsen Israel's own security.

4 OPTs: DFID's programme

DFID's funding to the Palestinian Authority (PA)

64. One of the key aspects of DFID's Palestinian programme is the provision of funding to the Palestinian Authority, through the World Bank's Palestinian Reform Development Plan (PRDP) Trust Fund. Between 2011 and 2015, DFID is providing £129.5m to the PA in this way. This funding is governed by a Memorandum of Understanding (MoU) between the UK and the PA, covering principles of human rights, poverty reduction, accountability and financial management. The PA uses UK money specifically to pay the salaries of its civil servants.⁷⁶ In its written evidence, DFID states that:

UK funds are transferred on a quarterly basis in GBP to the World Bank Palestinian Reform and Development Plan (PRDP) Trust Fund, which in turn converts these funds to USD and transfers these USD funds to the PA Bank of Palestine general pooled account. The Ministry of Finance converts the USD funds received, at prevailing exchange rates, to New Israeli Shekels and transfers them to the general PA Bank of Palestine Shekel account. A Shekel amount equivalent to the UK contribution is then paid into an account at the Arab Bank used specifically for the payment of civil servants. The Statebuilding Grant contributes to the salaries of the civil servants on the EU PEGASE list, of which there are around 85,000.

This process is verified through an audit which takes place once every six months. The audit firm was selected through a fair competition between a number of shortlisted companies deemed by the World Bank to be competent auditors. [...] The audit reports show the ministries that receive contributions and confirm that the Ministry of Finance (MoF) complies in all material respects with the provisions of the MoU. The list of eligible beneficiaries is checked at two stages: once by the MoF's internal controller and again by the external auditor in order to ensure that funds are used in accordance with the process set out in the MoU. [...] All quarterly payments to the PA are approved at Ministerial level.⁷⁷

65. The PA is currently grappling with a major financial crisis. In recent times it has been forced to delay salary payments, or the payment of invoices to private firms, due to lack of funds.⁷⁸ There have been some concerns around possible misuse of funds by the PA. In its written evidence, the Britain Israel Communications & Research Centre (BICOM) states:

The Palestinian Authority Ministry for Prisoner's Affairs provides salaries to all Palestinian prisoners held in Israeli jails, regardless of their faction. The longer the sentence, the higher the salary on a scale of 1400NIS (£250)/month (sentence up to 3 years) to over 12,000NIS (£2100)/month

76 [DFID, written evidence](#)

77 [DFID, written evidence](#)

78 [DFID, written evidence](#)

(sentence of 30 years). For comparison, the average salary for a PA civil servant in 2011 was 2882NIS (£500)/month.⁷⁹

A number of our witnesses commented on these payments. Daniel Levy, Director of the Middle East and North Africa Programme at the European Council on Foreign Relations, said:

one cannot de-Palestinianise what the Palestinian Authority does... The idea that you could have, at this stage in the conflict, a Palestinian Authority that does not treat its prisoners in a certain way, I do not think can exist with the reality we are in. If you asked the Northern Ireland warring parties to disavow the people of violence at the wrong moment in that process, one would have undermined that process... We de-Palestinianise the PA at our own peril, because the less credibility and legitimacy we impose on it vis-a-vis its own public, the less useful it is, to be honest, for the main purpose it is designed for, which is to be a vehicle for making a peace deal.⁸⁰

John Ging, Director of the Coordination Response Division at the UN Office for the Coordination of Humanitarian Affairs (OCHA) said:

I would suggest that the prisoners who are in prison are paying the price of their crime; their families should not be paying a price for the sins of their parents. If it is a poverty-alleviation programme, then, it should be on the basis of the need of the children and whoever else are the dependents or in need, irrespective of the crimes of their parents.⁸¹

The Minister of State said: “we will continue to say to the Palestinian Authority that this would be so much better and would be less of a problem for them if it were based on an affordable needs-based welfare process, rather than anything that could be taken as an apparent reward for going into prison.”⁸²

66. However, in his evidence Daniel Levy argued that if the UK wishes to see a two-state solution, it should continue funding the PA.⁸³ He described the provision of funding to the PA since its foundation “not as 20 years of failure but as 20 years of keeping an option [of a two-state solution] alive.”⁸⁴ Tony Laurance, CEO of Medical Aid for Palestinians, said that DFID’s funding to the PA “secures ongoing stability, and ongoing stability in the region is not to be looked at lightly.”⁸⁵ In a recent report, the UN argued that the PA was ready for statehood:⁸⁶ this implies that donor funding of the PA has been successful.

79 [BICOM, written evidence](#)

80 Q33

81 Q30

82 Q167

83 Q43

84 Q29

85 Q88

86 http://www.unsco.org/Documents/Special/UNs%20Report%20to%20the%20AHLIC%2013_April_2011.pdf

67. DFID's support is helping to prepare the PA for the assumption of governmental functions in a future Palestinian state. DFID's financial support is critical to the PA's operation, especially giving its ongoing financial crisis. *UK policy remains to support a two-state solution and DFID should continue to provide funding to the Palestinian Authority.*

68. We are nevertheless concerned that DFID is not taking adequate measures to prevent its funds from being misused. Given the scale of the operation, with 85,000 civil servants being paid with UK money, there is a serious risk of abuse. We do not regard a six-monthly audit as an adequate protection to secure the integrity of UK aid funds. *We recommend that DFID impose more stringent checks to ensure that the money it provides to the PA is not being misused while pursuing a constructive dialogue with the PA on the end-use of funds.*

69. We are also extremely concerned about the PA's policy of paying salaries to the families of Palestinian prisoners in Israeli jails. While appreciating it is a sensitive issue, issuing payments to families based on the length of jail terms, rather than need, is a political and not a welfare decision and thus unacceptable. In addition, while the British Government maintains that no UK money supports this activity, UK aid payments fund the payment of PA civil servants. It could therefore be said with some justification that this payment of UK funds enables the PA to release alternative funds which allow these payments to continue and which might alternatively be used more effectively to cover other needs. The Palestinian Finance Minister confirmed that the payments were a serious burden on the PA's finances. *We urge the UK to help the Palestinian Authority stop these payments and to replace them with welfare payments to prisoners' families based on poverty levels and need.*

DFID's funding to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

70. Another key plank of DFID's programme is the provision of funding to UNRWA (£106.5 million between 2012 and 2015) to support its work on health, education, social protection, and the protection of refugees' rights. In addition, DFID has provided £14.5 million to UNRWA to support the construction of 12 schools in Gaza, plus a further £14.5 million to support UNRWA's Job Creation Programme, which provides cash for work to refugees in Gaza.⁸⁷ In a recent report, ICAI found that:

DFID is able to achieve a significant impact on the lives of Palestine refugees through its support to UNRWA. The impact of UNRWA services on the human development of the refugee population is achieved consistently, despite the political, security and other service delivery challenges UNRWA faces.⁸⁸

87 DFID, *written evidence*

88 ICAI, *The Effectiveness of DFID's Engagement with UNRWA*, para 3.1

71. UNRWA plays a crucial role in public service provision in the OPTs: without UNRWA, the PA would not have the capacity required to deliver necessary public services. In his evidence Tony Laurance, CEO of Medical Aid for Palestinians (MAP), said: “it is impossible to imagine how you can maintain stability with such a large proportion of refugees without UNRWA’s continuing efforts [...] I think DFID is an intelligent and effective donor that works well with them to improve their performance and results [...] In Gaza, in particular, [UNRWA’s] role is vital.”⁸⁹ Yossi Mekelberg, Lecturer in International Relations and Politics at Regent’s University, London, said: “What DFID is doing is excellent, and the fact that it is accountable and transparent, and especially their collaboration with UNRWA, which has so much expertise and experience in dealing with the conditions on the ground, is extremely important.”⁹⁰

72. There have been criticisms of UNRWA’s efficiency and ability to achieve value for money. During our visit we were assured that there had been considerable improvements.

73. UNRWA is a key provider of public services in the Palestinian territories, and it is only able to fulfil this role thanks to the contributions made by donors such as DFID. Donor funding to UNRWA plays a crucial role in preventing great hardship in the OPTs. We recommend that DFID continue to provide funding to UNRWA. While there are weaknesses in UNRWA’s work, it has made improvements, but DFID must maintain pressure on the organisation to make further efficiencies.

Health

74. The health system in the OPTs faces great challenges. Tony Laurance, CEO of Medical Aid for Palestinians (MAP), told us that:

supplies have been impeded, partly, earlier on, by political disagreements, but now, in more recent years, by the fiscal crisis of the PA, so there are shortages both in the West Bank and in Gaza. [...] people are being referred out of Gaza for very expensive cancer treatments, for example, not for want of specialists and so forth but for want of the necessary drugs to maintain the treatment regime.⁹¹

In its written evidence, MAP particularly highlights the situation in Gaza: 30% of essential drugs and 50% of disposables are out of stock.⁹²

75. The health sector has not been a strategic priority for DFID’s Palestinian programme since 2008. Lindy Cameron, DFID’s Director for the Middle East, Conflict and Humanitarian, said:

One of the reasons for not deciding to fund that in the last period was that we did not think we have a comparative advantage and there was a large number

89 Q88

90 Q88

91 Q94

92 [MAP, written evidence](#)

of other donors active in the sector. Those factors would need to change for us to seriously reconsider entering it.⁹³

Tony Laurance accepted that at the time of DFID's original decision, other donors had been active in the field, but went on to argue that: "the Italians withdrew from the health sector at one point; so has the EU. There is no European country, as far as I am aware, now playing a major part in this area."⁹⁴

76. In its written evidence, MAP argues that DFID should support the Palestinian Ministry of Health in rebalancing the Palestinian health system to give greater priority to primary prevention and disease control. MAP also argues that the international community, including DFID, should step in to provide supplies—as it did for both Gaza and the West Bank in 2006.⁹⁵

77. The health sector in Gaza is in a situation of grave crisis. Failure to address this crisis as a matter of urgency will have severe consequences. Together with other donors, DFID should provide funding for urgent medical supplies in Gaza. DFID should also reinstate the health sector as a key priority within its Palestinian programme, as it is clear that the circumstances which led to its de-prioritisation no longer apply.

People-to-people projects

78. In her evidence to us Margot Ellis, Deputy Commissioner-General of UNRWA, said:

you have a dying generation of Palestinian businessmen in Gaza who still believe in a two-state solution. Why do I say it is a dying generation? It is because Palestinians and Israelis do not know each other anymore... Every Israeli around the table had some type of personal connection with a Palestinian, but I cannot say that today, because Palestinians only know Israelis as soldiers, and Israelis only know Palestinians as terrorists or, in the past, as suicide bombers. That personal connection is no longer there. There is a ticking time bomb for the potential for a two-state solution, because the people-to-people connection is not there.⁹⁶

79. Many argue that there should be greater focus on "people-to-people" projects which aim to bring Palestinians into contact with their Israeli peers. Givat Haviva argues that such projects work to "break down the barriers between the groups by re-humanizing the other, fostering empathy and mutual understanding, building trust, and creating relationships."⁹⁷ Given that both Israeli and Palestinian administrations intend to put any peace settlement to a referendum, it argues, there is an urgent need to shift public opinion

93 Q199

94 Q93

95 [MAP, written evidence](#)

96 Q32

97 [Givat Haviva, written evidence](#)

in favour of an agreement. People-to-people programmes can play a crucial role in this by convincing each group that the other side is “on board”.⁹⁸

80. During our visit to Bethlehem it was suggested to us that Arab Christian organisations might have a particularly useful role to play in bringing people of all faiths together. We subsequently received a memorandum on behalf of Musalaha and Hope Christian Trust UK which informed us of several activities including ‘a core programme focusing on individuals from differing and often opposing religious backgrounds with a view to them returning back as positive change agents, community activists and voices of reconciliation’. DFID support was sort for the ‘appointment of a short term (2 years) joint Development Officer who would focus on ensuring financial sustainability and income generation for both organisations over the long term’ at a cost of less than £29,000 per year.

81. An example of successful people-to-people engagement is the “Youth Creating Peace” programme, run by an organisation called Kids Creating Peace. Prior to the project, only 5% of participants had ever met a peer from the “other side.” The vast majority of participants reported a significant change in their views about the conflict during the course of the project. Prior to the project, 60% of the Israeli participants were indifferent towards the position of Palestinians and the idea of peace; afterwards, over 95% of Israeli participants were committed to peace and keen to engage their home communities to that effect.⁹⁹

82. At present, UK support for projects of this nature is extremely limited. DFID does not currently fund any such projects, though it states in its written evidence that it would consider doing so. The Conflict Pool (a joint DFID-FCO-MOD mechanism working on stabilisation, peacekeeping and conflict prevention) funds a small number of programmes implemented jointly by Palestinian and Israeli organisations. In its written evidence, DFID argues that whilst bringing Palestinians and Israelis together may not be an explicit objective of these programmes, it is an inevitable consequence.¹⁰⁰

83. Some are sceptical about the potential of such programmes. In his evidence to us, Daniel Levy said:

There have been 20 years of attempts to put together what were called people-to-people programmes. In the 1994 agreement, you had a clause, and there was even a state given leadership in shepherding this—Norway—in supporting people-to-people programmes. [...] I do not think those programmes have particularly proven themselves, which does not means that there are not individual programmes... that do fantastic work... Regarding the very interaction and who you can bring from the Palestinian side into an engagement on people-to-people programmes—whether because of security clearance or permits or language access—my fear is that we will end up bringing elites together... My tendency is to think that that is better left to

98 [Givat Haviva, written evidence](#)

99 [Kids Creating Peace, written evidence](#)

100 [DFID, written evidence](#)

philanthropic foundations and other funders for those kind of projects, rather than to development assistance.¹⁰¹

Lindy Cameron, DFID's Director for the Middle East, Humanitarian and Conflict, said:

There was quite a lot of donor experience of this kind of work back in the 1990s but quite a lot of disillusionment about the impact it produced at scale. Particularly in a situation where communities are living in a more separate way than they have been before in previous generations, we would need to assess the impact of those projects to make sure that they were worth the funding.¹⁰²

84. However, according to USAID, those participating in people-to-people programmes report higher levels of trust, higher levels of co-operation, more “conflict resolution values”, and less aggression and loneliness.¹⁰³

85. If a two-state solution is to be achieved, it will require genuine support and buy-in from ordinary people on both sides. This cannot and should not be taken for granted. On the contrary, concrete steps should be taken to strengthen the appetite for peace on both sides of the divide. We recommend that the UK fund a significant number of people-to-people projects in Israel and the OPTs, either through DFID, the Conflict Pool or the new Conflict, Stability and Security Fund. As part of this, it should fund organisations, which can bring together people of all faiths. We met a number of individuals from organisations which appeared well equipped to do this, including Cherish, the Bethlehem Bible College and other Palestinian Christian organisations, which we met at the college.

The future

86. The PA is dependent on donor funding.¹⁰⁴ Some have suggested that the PA would collapse were it not for donor funding,¹⁰⁵ leaving Israel—as the occupying power—responsible for governmental functions in the OPTs.¹⁰⁶ We asked the Minister of State whether by funding the PA, donors were effectively subsidising Israel's occupation of the OPTs. His response was as follows:

I understand that logic but do not share it [...] We are not paying Israel for the occupation. [...] If the situation collapses, there may still be need for us. We were talking about stability in Lebanon and Jordan earlier; it may be

101 Q57

102 Q206

103 [Alliance for Middle East Peace, written evidence](#)

104 [DFID, written evidence](#)

105 http://www.nytimes.com/2014/04/26/world/middleeast/collapse-of-peace-talks-leaves-israel-in-precarious-position.html?_r=1

106 IV Geneva Convention

more pressing in the Palestinian Territories. Whether we change our stated objective or the way we approach it is unclear at this stage.¹⁰⁷

87. The progress on peace talks has been frustrating and difficult, but failure to reach an agreement eventually would have devastating consequences on both Israelis and Palestinians. In view of this, we believe that it is essential that the UK continues to support the talks, keep hopes of peace and the two state solution alive and to provide funding to support the Palestinians, especially in view of the UK's role in the history of the area.

Conclusions and recommendations

The OPTs: the background

1. We regret the recent suspension of peace talks between the Government of Israel and the Palestinian Authority. We note with sadness the terrible crimes recently committed by both Palestinian and Israeli extremists. We understand the revulsion which many Israelis feel for Hamas, whose charter calls for the destruction of the Israeli state. We condemn the continuous rocket attacks on Israel from the Hamas-controlled Gaza Strip, which show the seriousness of Israel's security concerns. Nevertheless, in the long run there has to be agreement between Fatah and Hamas which should result in peace talks between such a unified Palestinian government and Israel. All parties to these peace talks, including Hamas, must accept the Quartet's principles if there is to be a two-state solution. Moreover, we believe that the reconciliation increases the likelihood that Hamas will one day accept Israel's right to exist. US Secretary of State John Kerry had shown extraordinary leadership in bringing the parties to the table, and despite the murders of late June and July we remain hopeful that the current suspension will be temporary rather than permanent. (Paragraph 17)
2. The suspension of the peace process should not lead to the suspension of discussions to lift restrictions on economic development in the OPTs. These cannot await a peace agreement; there has not been a final peace settlement in over 40 years and there may not be one for many years. The stalling of the peace process should not prevent the UK from encouraging economic development in the OPTs and encouraging the removal of those restrictions which are not justified on security grounds. Indeed, we see it as in everyone's interest to increase prosperity in the OPTs. (Paragraph 18)

Economic development in the OPTs

3. If the OPTs are to enjoy a better future, promoting economic development will be of the utmost importance. We strongly support DFID's recently-launched Palestinian Market Development Programme (PMDP), but we also believe that it could do more in this area. (Paragraph 22)
4. *We recommend that DFID launch a Private Sector Grant Facility (PSGF) and Development Impact Bonds (DIBs) in the OPTs, as the Portland Trust recommended.* (Paragraph 22)
5. We note the huge benefits which greater access to Area C would bring to the Palestinian economy. (Paragraph 25)
6. While there are disagreements about the extent of the difficulties faced by Palestinians in obtaining construction permits, it is clear that the difficulties have a major negative impact on the Palestinian economy, for example on businesses seeking to expand. (Paragraph 34)

7. *We recommend that the UK press the Israeli authorities to grant significantly more construction permits than they have thus far been willing to do. (Paragraph 34)*
8. The demolition of many Palestinian structures is contrary to international law. (Paragraph 35)
9. *We recommend that the UK seek to persuade the Israeli authorities to refrain from such demolitions where the UK believes such structures are justified. UK representatives should engage with Israeli officials as soon as demolition orders are issued where the UK believes these structures are justified. We also recommend that DFID scale up the important work it is already doing to help Palestinians to contest demolition orders in the courts. (Paragraph 35)*
10. Israelis have justifiable concerns about the nature and objectives of Hamas and its role in the PA government, but this should not prevent the Government of Israel from taking forward actions that remove obstacles to the development of Palestinian communities in Area C; specifically the process of developing “Master Plans” for communities in Area C should not be frozen as part of the suspension of Israel’s peace negotiations with the Palestinians. (Paragraph 36)
11. Israeli settlements in the OPTs are illegal under international law, and we consider them to be unacceptable. The presence of the settlements, and the consequent inability of Palestinians in Area C to control their own resources, severely restrict the Palestinian economy. We are extremely concerned about the potential for further settlement expansion, especially around Jerusalem. Palestinians and some Israelis and Israeli organisations we met believe that the international community could exert its influence to restrict the expansion of settlements if it were to take firmer measures to show its condemnation of the settlements. (Paragraph 45)
12. *The UK should in concert with other European countries stress to the Israeli authorities the unacceptability of the present situation. DFID should also support the World Bank programme which is helping the Palestinian Authority with land registration. (Paragraph 45)*
13. We welcome the UK’s decision to introduce labelling guidelines calling for products made in Israeli settlements to be labelled as such: this allows consumers to make an informed decision as to whether they wish to purchase such products. We continue to support strong economic ties between the UK and Israel. However, we consider that it is very important to find out whether the introduction of labelling guidelines for products made in Israeli settlements has been effective, including whether they have been implemented by major retailers and what effect they have had on the sales of products from the settlements in the UK. We strongly recommend that the UK Government undertake a review of the implementation and impact of the introduction of labelling guidelines. We also recommend a review of the initial impact of the introduction of the 2013 EU guidelines on the territorial application of EU funding. (Paragraph 46)
14. We were shocked by what we saw during our visit to Hebron especially the impact of settlements, which are illegal under international law, on the daily lives of

Palestinians. The restrictions on Palestinians have an entirely unacceptable impact on their livelihoods, economic development and security. (Paragraph 48)

15. *We recommend that the Government put pressure on the Israeli authorities to lift these restrictions as a matter of urgency.* (Paragraph 48)
16. We are concerned that *Breaking the Silence* no longer receives Conflict Pool funding. It is a unique and credible voice which speaks to Israelis about what is done in their name. (Paragraph 49)
17. *We recommend that the Government reinstate funding for Breaking the Silence.* (Paragraph 49)
18. While we note the comments of the Israeli Embassy, we are deeply concerned about the continuing validity of the restrictions on Palestinians' access to water in Area C under the interim Oslo II agreement. (Paragraph 50)
19. *The UK should use its influence to encourage Israel and Palestine to reach a more satisfactory agreement about water resources, allowing Palestinians equitable access to the water resources in the West Bank.* (Paragraph 50)
20. *Despite the Fatah-Hamas reconciliation, we recommend that the UK encourage both sides to resume discussions in the Joint Technology Committee (JTC), with a view to enabling users with Palestinian SIM cards to access 3G services and to undertake to reach rapid agreement on 4G services when they are technically available.* (Paragraph 51)
21. We fully appreciate Israel's legitimate security concerns in respect of the Gaza strip, especially in the light of recent events, including rocket attacks on Israel from Gaza. However, we do not believe that all the present arrangements, notably those which affect travel and trade are proportionate. Some are contrary to Israel's obligations under international law and also run the risk of making the security situation worse. (Paragraph 60)
22. *Given the current situation in the Gaza Strip, it is understandable that the Government of Israel is unwilling engage in discussions, but, nevertheless, we recommend that the UK encourage the Israeli authorities to lift those restrictions which are not justified by security needs. The UK should also seek to persuade Israel to consider what steps it might take to improve the availability of water and electricity in Gaza.* (Paragraph 60)
23. *We recommend that DFID scale up its work supporting exports from Gaza. DFID should also support the implementation of existing plans to open Gaza's port, and work to facilitate travel between Gaza and the West Bank, possibly by developing plans for a travel corridor.* (Paragraph 61)
24. Israel is a democracy with a strong entrepreneurial culture. We saw in the OPTs similar dynamism and enterprise, which we wish to see encouraged. So much could be achieved if Palestinians and Israelis could work together to foster economic development. We fully understand and appreciate Israeli security concerns,

especially in view of the recent murder of three Israeli teenagers outside Hebron and the continuing rockets attacks on Israel from the Gaza Strip. Some of the evidence we were given on our visit are difficult to reconcile with that subsequently provided by the Israeli Embassy, but we were shocked by what we saw in the OPTs. We saw a country whose people have known immense suffering now imposing conditions on their Palestinian neighbours which cause a different but very real suffering and often without real security justification. We saw Israel taking a range of actions that hinder Palestinian economic development and must, at the very least, cause deep resentment on the Palestinian side, even amongst the most moderate and pragmatic people, and so will actually worsen Israel's own security. (Paragraph 62)

OPTs: DFID's programme

25. DFID's support is helping to prepare the PA for the assumption of governmental functions in a future Palestinian state. DFID's financial support is critical to the PA's operation, especially giving its ongoing financial crisis. (Paragraph 67)
26. *UK policy remains to support a two-state solution and DFID should continue to provide funding to the Palestinian Authority.* (Paragraph 67)
27. We are nevertheless concerned that DFID is not taking adequate measures to prevent its funds from being misused. Given the scale of the operation, with 85,000 civil servants being paid with UK money, there is a serious risk of abuse. We do not regard a six-monthly audit as an adequate protection to secure the integrity of UK aid funds. (Paragraph 68)
28. *We recommend that DFID impose more stringent checks to ensure that the money it provides to the PA is not being misused while pursuing a constructive dialogue with the PA on the end-use of funds.* (Paragraph 68)
29. We are also extremely concerned about the PA's policy of paying salaries to the families of Palestinian prisoners in Israeli jails. While appreciating it is a sensitive issue, issuing payments to families based on the length of jail terms, rather than need, is a political and not a welfare decision and thus unacceptable. In addition, while the British Government maintains that no UK money supports this activity, UK aid payments fund the payment of PA civil servants. It could therefore be said with some justification that this payment of UK funds enables the PA to release alternative funds which allow these payments to continue and which might alternatively be used more effectively to cover other needs. The Palestinian Finance Minister confirmed that the payments were a serious burden on the PA's finances. (Paragraph 69)
30. *We urge the UK to help the Palestinian Authority stop these payments and to replace them with welfare payments to prisoners' families based on poverty levels and need.* (Paragraph 69)
31. UNRWA is a key provider of public services in the Palestinian territories, and it is only able to fulfil this role thanks to the contributions made by donors such as DFID. Donor funding to UNRWA plays a crucial role in preventing great hardship in the OPTs. (Paragraph 73)

32. *We recommend that DFID continue to provide funding to UNRWA. While there are weaknesses in UNRWA's work, it has made improvements, but DFID must maintain pressure on the organisation to make further efficiencies. (Paragraph 73)*
33. The health sector in Gaza is in a situation of grave crisis. Failure to address this crisis as a matter of urgency will have severe consequences. (Paragraph 77)
34. *Together with other donors, DFID should provide funding for urgent medical supplies in Gaza. DFID should also reinstate the health sector as a key priority within its Palestinian programme, as it is clear that the circumstances which led to its de-prioritisation no longer apply. (Paragraph 77)*
35. If a two-state solution is to be achieved, it will require genuine support and buy-in from ordinary people on both sides. This cannot and should not be taken for granted. On the contrary, concrete steps should be taken to strengthen the appetite for peace on both sides of the divide. (Paragraph 85)
36. *We recommend that the UK fund a significant number of people-to-people projects in Israel and the OPTs, either through DFID, the Conflict Pool or the new Conflict, Stability and Security Fund. As part of this, it should fund organisations, which can bring together people of all faiths. As part of this, it should fund organisations, which can bring together people of all faiths. We met a number of individuals from organisations which appeared well equipped to do this, including Cherish, the Bethlehem Bible College and other Palestinian Christian organisations, which we met at the college. (Paragraph 85)*
37. The progress on peace talks has been frustrating and difficult, but failure to reach an agreement eventually would have devastating consequences on both Israelis and Palestinians. In view of this, we believe that it is essential that the UK continues to support the talks, keep hopes of peace and the two state solution alive and to provide funding to support the Palestinians, especially in view of the UK's role in the history of the area. (Paragraph 87)

Formal Minutes

Tuesday 15 July 2014

Members present:

Sir Malcolm Bruce, in the Chair

Hugh Bayley
Sir Tony Cunningham
Jeremy Lefroy
Mr Michael McCann
Chris White

Fiona Bruce
Pauline Latham
Sir Peter Luff
Fiona O'Donnell

Draft Report, (*The UK's Development Work in the Occupied Palestinian Territories*) proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 45 read and agreed to.

Paragraph 46 read, as follows:

We welcome the UK's decision to introduce labelling guidelines calling for products made in Israeli settlements to be labelled as such: this allows consumers to make an informed decision as to whether they wish to purchase such products. We continue to support strong economic ties between the UK and Israel. However, we consider that it is very important to find out whether the introduction of labelling guidelines for products made in Israeli settlements has been effective, including whether they have been implemented by major retailers and what effect they have had on the sales of products from the settlements in the UK. We strongly recommend that the UK Government undertake a review of the implementation and impact of the introduction of labelling guidelines. We also recommend a review of the initial impact of the introduction of the 2013 EU guidelines on the territorial application of EU funding. *Whilst continuing to support strong economic ties between the UK and Israel, we recommend that, to show its condemnation of settlements, the UK Government should now hold discussions with other European countries with a view to banning the import of products made in Israeli settlements located in the OPTs if there is a significant increase in the scale of settlements, for example in E1 to the east of Jerusalem.*

Amendment proposed, in line 9, to leave out from 'funding' to the end. – (*Michael McCann*)

Question proposed, That the Amendment be made

The Committee divided.

| | |
|---------------------|-----------------|
| Ayes 5 | Noes 3 |
| Fiona Bruce | Hugh Bayley |
| Sir Tony Cunningham | Pauline Latham |
| Jeremy Lefroy | Fiona O'Donnell |
| Michael McCann | |
| Chris White | |

Paragraph, as amended, agreed to.

Paragraphs 47 to 87 agreed to.

Annex and Summary agreed to.

Resolved, That the Report, as amended, be the Third Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjourned till Tuesday 2 September at 10.00 a.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at [The UK's Development Work in the OPTs](#)

Tuesday 25 February 2014

Question number

Amir Abdulla, Deputy Executive Director, UN World Food Programme, **Nigel Pont**, Regional Director for the Syrian Response, Mercy Corps, **Jehangir Malik**, UK Director, Islamic Relief, **John Ging**, Director of Coordination Response Division, UN Office for the Coordination of Humanitarian Affairs (OCHA), **Margot Ellis**, Deputy Commissioner General, UN Relief and Works Agency (UNRWA), and **Daniel Levy**, Director of Middle East and North Africa Programme, European Council on Foreign Relations.

Q1-61

Tuesday 8 April 2014

Rt Hon Alan Duncan MP, Minister of State, Department for International Development, **Matthew Wyatt**, Head of Syria Crisis Unit, DFID, **Lindy Cameron**, Director, Middle East, Humanitarian and Conflict, DFID, **Jonathan Hargreaves**, Head of Palestinian Programme, DFID, and **Cathy Ward**, Deputy Head of Near East Department, Foreign & Commonwealth Office

Q117-207

Thursday 8 May 2014

Rt Hon Alan Duncan MP, Minister of State, Department for International Development, **Matthew Wyatt**, Head of Syria Crisis Unit, DFID, **Lindy Cameron**, Director, Middle East, Humanitarian and Conflict, DFID, **Jonathan Hargreaves**, Head of Palestinian Programme, DFID, and **Cathy Ward**, Deputy Head of Near East Department, Foreign & Commonwealth Office

Q117-207

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at [The UK's Development Work in the OPTs](#). MID numbers are generated by the evidence processing system and so may not be complete.

- 1 [The Parents Circle-Families Forum \(MID0001\)](#)
- 2 [Center for Near East Policy Research \(MID0003\)](#)
- 3 [Onevoice Europe \(MID0004\)](#)
- 4 [Middle East Forum \(MID0005\)](#)
- 5 [Moon Valley Enterprises Limited \(MID0006\)](#)
- 6 [Trade Union Friends of Israel \(MID0007\)](#)
- 7 [Alexander H Joffe \(MID0008\)](#)
- 8 [Premiere Urgence-Aide Medicale Internationale \(MID0009\)](#)
- 9 [Einat Wilf \(MID0010\)](#)
- 10 [Givat Haviva \(MID0013\)](#)
- 11 [NGO Monitor \(MID0014\)](#)
- 12 [Kids Creating Peace \(MID0015\)](#)
- 13 [Mifalot Education and Society Enterprises \(MID0016\)](#)
- 14 [Arava Institute for Environmental Studies \(MID0017\)](#)
- 15 [The Jerusalem Intercultural Centre \(MID0019\)](#)
- 16 [Tearfund \(MID0020\)](#)
- 17 [Gisha-Legal Center for Freedom of Movement \(MID0021\)](#)
- 18 [Meet \(Middle East Education Through Technology \(MID 0022\)](#)
- 19 [Rabbis for Human Rights \(MID0023\)](#)
- 20 [The Jerusalem Foundation \(MID0024\)](#)
- 21 [Hand in Hand: Center for Jewish-Arab Education in Israel \(MID0025\)](#)
- 22 [International Association of Jewish Lawyers and Jurists \(MID0026\)](#)
- 23 [World Vision UK \(MID0028\)](#)
- 24 [Heartbeat Inc \(MID0029\)](#)
- 25 [Shaare Zedek UK \(MID0030\)](#)
- 26 [Palestine Solidarity Campaign \(MID0031\)](#)
- 27 [Alliance for Middle East Peace \(MID0032\)](#)
- 28 [Hadassah Medical Organization \(MID0033\)](#)
- 29 [Bicom \(MID0034\)](#)
- 30 [Embassy of Israel in London \(MID0035\)](#)
- 31 [The Abraham Fund Initiatives \(MID0036\)](#)
- 32 [Save a Child's Heart \(MID0037\)](#)
- 33 [Palestinian Media Watch \(MID0038\)](#)
- 34 [Dr Asaf Romirowsky \(MID0039\)](#)
- 35 [Peaceplayers International \(MID0040\)](#)
- 36 [Friends of Al-Aqsa \(MID0041\)](#)
- 37 [BBC Media Action \(MID0042\)](#)
- 38 [Save the Children \(MID0043\)](#)
- 39 [Project Cherish \(MID0045\)](#)

- 40 The Portland Trust (MID0046)
- 41 Christian Aid (MID0049)
- 42 Oxfam GB (MID0050)
- 43 The Israeli-Palestinian Chamber of Commerce (MID0052)
- 44 Department for International Development (MID0053)
- 45 Helpage International (MID0056)
- 46 Doctors of the World (MID0057)
- 47 Medical Aid for Palestinians (MID0058)
- 48 Norwegian Refugee Council (MID0059)
- 49 World Food Programme (MID0060)
- 50 International Rescue Committee UK (MID0061)
- 51 Glen Rangwala (MID0064)
- 52 Care International UK (MID0068)
- 53 Handicap International (MID0069)
- 54 UNICEF (MID0070)
- 55 Professor Rosemary Hollis (MID0071)
- 56 Embrace the Middle East (MID0072)
- 57 Centre for Syrian Studies, University of St Andrews (MID0073)
- 58 Department for International Development Annex A (MID0074)
- 59 Embassy of Israel Annex A (MID0075)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on their website at www.parliament.uk/indcom. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2014–15

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| First Report | UK Support for Humanitarian Relief in the Middle East | HC 248 |
| Second Report | Scrutiny of Government's UK Strategic Export Controls Annual Report 2012, the Government's Quarterly Reports from October 2012 to September 2013, and the Government's policies on arms exports and international arms control issues | HC 186 |

Session 2013–14

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| First Report | Global Food Security | HC 176 (626) |
| Second Report | Violence Against Women and Girls | HC 107 (624) |
| Third Report | Scrutiny of Arms Exports and Arms Control (2013): Scrutiny of the Government's UK Strategic Export Controls Annual Report 2011 published in July 2012, the Government's Quarterly Reports from October 2011 to September 2012, and the government's policies on arms exports and international arms control issues | HC 205 (CM 8707) |
| Fourth Report | Multilateral Aid Review | HC 349 (694) |
| Fifth Report | ICAI's Annual Report 2012-13 | HC 566 (946) |
| Sixth Report | Implications for development in the event of Scotland becoming an independent country | HC 692 (1107) |
| Seventh Report | The Closure of DFID's Bilateral Aid Programmes: the case of South Africa | HC 822 (1106) |
| Eighth Report | The Future of UK Development Co-operation Phase 1: Development Finance | HC 334 (1255) |
| Ninth Report | Democracy and Development in Burma | HC 821 |
| Tenth Report | Department for International Development's Performance in 2012–13: the Departmental Annual Report 2012–13 | HC 693 (522) |
| Eleventh Report | Disability and Development | HC 947 (336) |

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| First Report | DFID's contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria | HC 126 (609) |
| Second Report | Scrutiny of Arms Exports (2012): UK Strategic Export | HC 419 (CM 8441) |

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| | Controls Annual Report 2010, Quarterly Reports for July to December 2010 and January to September 2011, The Government's Review of arms exports to the Middle East and North Africa, and wider arms control issues | |
| Third Report | The Development Situation in Malawi | HC 118 (641) |
| Fourth Report | Tax in Developing Countries: Increasing Resources for Development | HC 130 (708) |
| Fifth Report | DFID's programme in Zambia | HC 119 (759) |
| Sixth Report | Afghanistan: Development progress and prospects after 2014 | HC 403 (862) |
| Seventh Report | UK Aid to Rwanda | HC 726 (949) |
| Eighth Report | Post-2015 Development Goals | HC 657 (1065) |
| Ninth Report | Department for International Development's Annual Report and Accounts 2011–12 | HC 751(1098) |
| Tenth Report | Pakistan | HC 725 |
| Session 2010–12 | | |
| First Report | Appointment of the Chief Commissioner of the Independent Commission for Aid Impact | HC 551 |
| Second Report | The 2010 Millennium Development Goals Review Summit | HC 534 (HC 959) |
| Third Report | Department For International Development Annual Report & Resource Accounts 2009–10 | HC 605 (1043) |
| Fourth Report | The World Bank | HC 999 (1044) |
| Fifth Report | The Future of CDC | HC 607 (1045) |
| Sixth Report | Scrutiny of Arms Export Controls (2011): UK Strategic Export Controls Annual Report 2009, Quarterly Reports for 2010, licensing policy and review of export control legislation | HC 686 (CM 8079) |
| Seventh Report | The Humanitarian Response to the Pakistan Floods | HC 615 (1435) |
| Eighth Report | The Future of DFID's Programme in India | HC 616 (1486) |
| Ninth Report | DFID's Role in Building Infrastructure in Developing Countries | HC 848 (1721) |
| Tenth Report | The Closure of DFID's Bilateral Aid Programme in Burundi | HC 1134 (1730) |
| Eleventh Report | Financial Crime and Development | HC 847 (1859) |
| Twelfth Report | Working Effectively in Fragile and Conflict-Affected States: DRC and Rwanda | HC 1133 (1872) |
| Thirteenth Report | Private Foundations | HC1557 (1916) |
| Fourteenth Report | Department for International Development Annual Report and Resource Accounts 2010–11 and Business Plan 2011–15 | HC 1569 (107) |
| Fifteenth Report | South Sudan: Prospects for Peace and Development | HC 1570 (426) |

