

Fighting Palestinian Poverty

A survey of the economic and social impact of the Israeli occupation on the Palestinians in the West Bank and Gaza Strip



Fighting Palestinian Poverty

A survey of the economic and social impact of the Israeli occupation on the Palestinians in the West Bank and Gaza Strip.



Reuters/Popperfoto

Contents

Introduction: The Cost of Occupation	2
Executive Summary	3
Part 1	
Historical Context: The Roots of Palestinian Poverty (1897-1967)	4
Part 2	
The Politics and Economics of Israeli Occupation: De-development and Dependency (1967-1993)	5
Part 3	
The Oslo Peace Process (1993-2000): The Formalisation of Israeli Control	6
Part 4	
Uprising and Re-occupation: Poverty and Humanitarian Crisis since 2000	8
Part 5	
War on Want Strategy: Fight Palestinian Poverty – End Israeli Occupation	10
Bibliography	18
Notes	20

Cover picture: A Palestinian woman in the World Food Programme distribution centre for humanitarian aid in Rafah refugee camp, South of Gaza
Reuters/Popperfoto

Introduction

The Cost of Israeli Occupation

While the attention of the world is directed at the continuing humanitarian tragedy in Iraq, a humanitarian crisis has been taking place in the Occupied Palestinian Territories for more than two and a half years now. Israel is subjecting the Palestinians to repressive and humiliating measures and collective punishments, such as protracted curfews and closures. This is in blatant contravention of international humanitarian law as embodied in the Fourth Geneva Convention and The Hague Regulations, to which Israel is a signatory. These measures are causing extreme poverty and economic collapse amongst the Palestinians.

This report examines the causes of the current state of acute poverty in the Occupied Palestinian Territories, from the outset of the Palestinian-Israeli conflict until now. The report focuses on the way that levels of poverty have increased since the signing of the Oslo Accords in 1993, particularly with the Israeli response to the second Palestinian Intifada (uprising), which broke out in September 2000. It examines the conditions under which the causes of poverty can be tackled. It also outlines War on Want's campaign strategy aimed at eradicating poverty in Palestine.

Drawing on the most recently gathered data produced by international development organisations, War on Want's own partners and Palestinian NGOs, the report will show the impact of the Israeli military occupation on the human, economic and social life of the Palestinians. The human costs of the illegal Israeli military occupation have been severe, perhaps incalculable, and the effects of the humanitarian crisis continue to unfold.

The numbers of people killed, injured, detained, traumatised, affected by unemployment, malnutrition and reductions in services continue to rise.

The humanitarian situation will deteriorate as long as there is no political solution on the horizon. The World Bank estimates that even if there were a political solution to the ongoing conflict and a lifting of the closures, it would take the Palestinian economy at least two years to recover to a pre-intifada income level.

The Road Map, initiated by the Quartet (UN, USA, EU and Russia) and published on 30 April 2003, provides a new challenge for a peaceful resolution of the Israeli-Palestinian conflict. Although it calls for "ending the [Israeli] Occupation" and "establishing an independent and viable Palestinian state by the year 2005", it contains many shortcomings which may repeat the failure of the Oslo process. However, for it to have any chance of succeeding, the Road Map should be implemented in parallel by the parties and must be based on existing international humanitarian law, which in itself will ensure that the causes of poverty in Palestine are addressed.

The international community, including the UK Government and the European Union, must take effective action to bring to an end the humanitarian crisis and address the causes of poverty in Palestine. In order to create the foundations for long-term development in the West Bank and Gaza Strip, and to embark on the road to lasting peace in the Middle East, there must be an end to the illegal Israeli military occupation and the establishment of a sovereign, independent and viable Palestinian state alongside Israel.



Reuters/Popperfoto

Executive Summary

The Roots of Palestinian Impoverishment

The foundations of the impoverishment of the Palestinian people were laid a long time ago. The Palestinians have endured the gradual loss of their land and systematic displacement as a result of Zionist colonisation of Palestine since the end of the 19th century and throughout the 20th century. They have also experienced military invasions, violence, settlement building on their land, and the destruction of the Palestinian economy. The most important watershed was the Catastrophe (*nakba*) of 1948, during which two thirds of the Palestinian people were expelled from their homeland and almost 500 villages and towns were depopulated or destroyed.

The De-development of the Palestinian Economy

Israel's invasion and subsequent occupation of the West Bank and Gaza Strip in June 1967 led to large-scale demographic changes within Israel's newly acquired territories and brought a large number of Palestinian Arabs directly under Israeli control. Despite the illegality of the occupation under international law, Israel should have assumed responsibility for the economic and social well being of the Palestinian population it now controlled. In contravention of these obligations, Israel went about 'de-developing' the Occupied Territories, and changing their demographic composition through land confiscation, deportations and the building of Jewish settlements.

The Formalisation of Israeli Control

The Oslo Accords, signed between Israel and the Palestinian Liberation Organisation (PLO) in 1993, formalised the territorial division of the Occupied Territories and gave Israel's ongoing control an air of legitimacy, while the excesses of the occupation persisted: settlement building, land confiscation and human rights abuses by the army. Israel divested itself of Palestinian population centres, while maintaining control over the majority of the land.

The Oslo era (1993-2000) did not generate economic growth for the Occupied Territories, the economy of which is presently in a state of collapse. The principal reason for the ongoing impoverishment of the Palestinians is Israel's continuing control of and restrictions on the Palestinian economy. The policy of closures has disrupted normal life and led to the paralysis of civilian systems in the Occupied Territories, and has made Palestinian society in general dependent on foreign assistance.

The Current Humanitarian Crisis

Israel is subjecting the Palestinian population in the West Bank and Gaza Strip to repressive measures and collective punishment, such as the policy of closures. These measures are causing extreme poverty, economic collapse and a humanitarian crisis. International development organisations and Palestinian NGOs record high rates of poverty, growing unemployment and malnutrition levels comparable to those in sub-Saharan African countries. Almost three-quarters of Palestinians now live on less than US\$2 a day – below the United Nations poverty line.

Conclusion and Perspectives

The survival of Palestinian society is threatened by its current condition of acute impoverishment. The eradication of poverty and the long-term development of the West Bank and Gaza Strip cannot be achieved without an end to the illegal Israeli military occupation.

War on Want's campaign objectives are two-fold. Firstly the campaign aims to lobby the UK Government to exert political and economic pressure on Israel to stop collective punishment, to comply with UN and international humanitarian law and end its illegal military occupation. In War on Want's view, these breaches by the State of Israel lie at the very root of poverty in the Occupied Territories. It also seeks to create mass public awareness in the UK of the roots of the humanitarian crisis in the West Bank and Gaza, and to gain endorsement of the campaign from key trade unions and civil society organisations.

Part I

Historical Context: The Roots of Poverty

The Origins of the Conflict

The Israeli-Palestinian conflict is, fundamentally, a contest for territorial entitlement and a struggle for national legitimacy between Israeli Jews and Palestinian Arabs. It began when the Zionist movement in Europe in the late 19th century sought to 're-establish' a Jewish state in Palestine (or Eretz Yisrael, Hebrew for 'The Land of Israel').¹ This was in order to provide a homeland for the Jewish Diaspora, offering them protection from centuries of anti-Semitism. Zionist settlement in Palestine during the first half of the 20th century culminated in the founding of the State of Israel in 1948, when the horror of the Nazi Holocaust vindicated a sense in the West of the need for a Jewish state.

The Palestinian claim to Palestine (or *Falastin*, Arabic for Palestine), can be characterised as an anti-colonial struggle. The indigenous Arab population of Palestine (Christian and Muslim), resident 'since primordial times';² saw in the Zionist movement the latest incarnation of a continuing foreign occupation which had persisted for centuries under the Ottoman Turks, before the British took over in 1920.

The irreconcilability of these competing claims produced, in the course of the 20th century, a series of civil conflicts and international wars. With

much support from Western countries, particularly the US, Israel emerged victorious, and was allowed to expand its borders to include all of historic Palestine. For the Palestinian Arabs, this period saw the suppression of their rights and a gradual process of dispossession and impoverishment.³

From Dispossession and Catastrophe (1897-1948)

In 1897, the World Zionist Organisation (WZO) set out to encourage Jewish immigration to Palestine, mostly from Eastern Europe, for the purpose of establishing a Jewish state in Palestine. At the time, Muslim and Christian Arabs made up 95% of the population of Palestine; they were ruled by the Turks and owned 99% of the land.⁴ The Zionists' slogan 'a land without people for a people without land' shows the disregard for the rights of the original inhabitants. There had been a small, continuous Jewish presence in Palestine for centuries, but only with political Zionism did Jews, mostly from Eastern Europe, migrate in large numbers. Jewish settlers purchased land for colonisation, typically forming agricultural co-operatives.

The next watershed in Palestinian history came with the Balfour Declaration of 1917, whereby Great Britain, successor to the Ottoman Turks in occupying Palestine, declared support for the Zionist goal of a Jewish state. This support was extended despite the fact that, even with increased Jewish immigration, by 1919 the Jews formed 'only 9.7% of the population and owned 2.04% of the land'.⁵

In spite of the objections of the Palestinian Arab majority, Jewish immigration continued under the auspices of the British. Palestinians dropped to 83.2% of the total population in 1925, and 69% by 1939, while Jewish land ownership rose to 3.8% in 1925 and 5.7% in 1939.⁶ Land purchased by the Zionists became the 'inalienable property of the Jewish people', on which only Jews could be employed, a prospect which frightened the Arab population.⁷ Inter-communal clashes took place sporadically during the 1920s.

Palestinian opposition to Jewish immigration escalated from a general strike and demonstrations to a full-scale uprising from 1936 to 1939. The Palestinian revolt led Britain to sponsor the Peel Commission in 1937, which concluded that Palestine should be partitioned, with the Jews receiving 40% of Palestine, while the Arabs would, if necessary, be 'transferred from land not allotted to them'. Unhappy with the Peel Commission's recommendations, the Palestinians resumed their revolt, which was brutally put down by the British.⁸

Britain began to wind down its mandate in Palestine in 1947, before handing it over to the United Nations. On 29 November 1947, the UN General Assembly adopted Resolution 181, partitioning Palestine into two separate Arab and Jewish states. A full 56% of the land was allotted



to the proposed Jewish state; it was Palestinian-inhabited and Palestinian-owned, predominantly public land; in this region, the Jewish population formed a sizeable minority. The remaining 44% was allotted to the Palestinian state with a large Arab majority. Civil war broke out at the termination of the British mandate and the declaration of Israel as an independent Jewish state on 15th May 1948; this escalated into a full-scale war in the Middle East, which lasted just over a year. This war led to the flight and expulsion of two thirds of the Palestinian Arab population (about 800,000 people) from over 500 villages that were subsequently destroyed, as well as from the large towns of Jaffa, Haifa, Lydda and Ramle.⁹ The expulsion continued after the armistice agreement. The United Nations Resolution 194 of 1949 affirmed the legal basis of the right of return for all the refugees.¹⁰ The war also resulted in the Israeli conquest of an extra 25% of territory that had been allotted to the projected Arab state.¹¹

Israel's independence offered the fulfilment of the Zionist dream. For Palestinians, it was 'the Catastrophe' (*al-Nakba*), and meant the loss of 78% of Palestine, while two thirds of the 1.3m Palestinians became refugees in neighbouring Arab countries.

From Catastrophe to Occupation (1948-1967)

In the aftermath of the 1948 war, Jordan administered the area now known as the West Bank and Egypt administered the Gaza Strip in the South, while the UN brokered the 1949 disengagement protocols between Israel and its neighbouring Arab countries. The Arab states refused to recognise Israel unless the right of return of the refugees was acknowledged; they put in place an economic boycott of the country.

Within the armistice borders Israel became a Jewish state, and the 150,000 Palestinian Arabs who had remained were thereafter subject to land requisition, restrictions on their access to development and unequal civil and political rights. They remain disadvantaged, underrepresented, and discriminated against to this day. Jewish immigrants from all over the world replaced the dispossessed Palestinians, with large numbers of Jews arriving each year; but especially between 1948 and 1951, and 1990 and 1991. Israel's Law of Return permits anyone of Jewish descent to assume Israeli citizenship and own land.

In the absence of a political process, border incidents, water disputes and a war of words in the course of the 1950s and 60s led to a full-scale war in June 1967. Israel invaded Jordan, taking the West Bank and East Jerusalem; and Egypt, taking Sinai and Gaza; and Syria, taking the Golan Heights.

Part 2

The Politics and Economics of Israeli Occupation (1967-1993)

The 1967 war led to large-scale demographic changes within Israel's newly acquired territories and brought a large number of Palestinian Arabs under direct Israeli control. Up to 400,000 people were driven out of or fled the West Bank, and 50,000 were displaced from the Gaza Strip. Many Palestinians took refuge in neighbouring Arab countries or abroad.¹² Jerusalem had been designated a *corpus separatum* by the UN in 1947, but was divided between East and West after 1948. Israel annexed East Jerusalem by extending its laws and jurisdiction to it. Israel also began encircling the city with Jewish settlements to isolate it from the West Bank and create a Jewish majority in the city, making its return impractical.

Legally, after 1967 Israel became an occupying power outside of its 1949 borders, assuming the obligations thereby incumbent upon it by the Fourth Geneva Convention, which 'was designed to protect the civilian

population of occupied areas and prevent the occupier from permanently changing the status of the territories'.¹³ Despite the illegality of the occupation in international law, Israel also assumed responsibility for the economic and social well being of the Palestinian population it now controlled.¹⁴ In contravention of these obligations, Israel went about 'de-developing' the Occupied Territories and changing their demographic composition by means of land confiscation, deportations and the building of Jewish settlements.¹⁵

Construction of Settlements

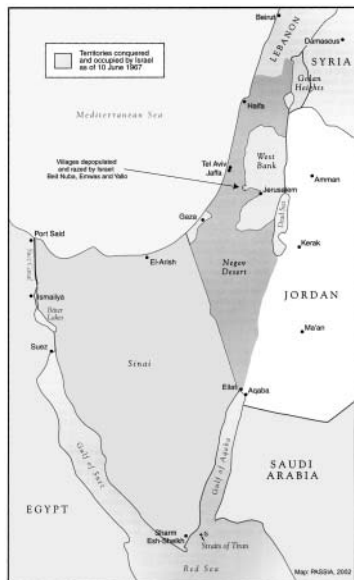
During the period of Labour Party dominance in Israel, settlements were mainly state-sponsored for reasons of 'security', although some private construction also took place. With the ascension of the right-wing Likud government in 1977, settlement building increased. Likud saw the West Bank as Judea and Samaria, an integral part of Greater Israel. Under international law, settlements are illegal.¹⁶ UN Security Council Resolution 446 states that the 'policy and practices of Israel in establishing settlements in the Palestinian and other Arab territories occupied since 1967 have no legal validity and constitute a serious obstruction to reaching a comprehensive, just and lasting peace in the Middle East'.

Despite international condemnation, Israel continued to colonise all of the Occupied Territories (including Sinai and the Golan Heights). Unofficial estimates put the proportion of the West Bank taken out of Palestinian control by 1991 at 60%. Once the land is in the hands of the state, a discriminatory administrative procedure prevents Palestinians building on it or renting it.

Ongoing land confiscation went hand in hand with the next major wave of Jewish immigration to Israel, mostly from the former Soviet Union. Many immigrants were given cash incentives to move to the settlements.

The First Palestinian Intifada (Uprising)

Frustration with Israeli occupation, colonisation, and denial of the Palestinians' economic, civil and political rights led to the outbreak of the first Intifada (uprising) in the Occupied Territories in 1987. While the uprising, which took the form of strikes, demonstrations and stone throwing at Israeli troops, paid political dividends in garnering international sympathy for the Palestinians and US recognition of the PLO in 1988, the human cost was enormous. Over a thousand Palestinians were killed, and twenty times as many injured by Israeli troops between December 1987 and the end of 1993. The use of live ammunition to disperse demonstrators was the main cause of death and injury. Collective punishments, like house demolition, curfews, blockades and the closure of public institutions, were also employed.



The Impact of Occupation on the Palestinian Economy

Following the 1967 occupation, the Israeli military controlled most aspects of Palestinian economic life. Between 1967 and the signing of the first Oslo Accords in 1993, the Palestinian economy had a classic colonial relationship with the larger Israeli economy. Large numbers of Palestinian workers were employed within the Israeli economy, whether in Israel or in settlements and in Israeli industries transferred to the Occupied Territories.¹⁷ Israel imposed a one-sided customs and monetary union, such that it benefited from Palestinian labour and natural resources, and the Occupied Territories served as a captive market for Israeli goods.¹⁸

The Palestinian economy was subsequently 'de-developed' by means of restrictions on development and the dispossession of natural resources primarily land and water. As a result, the Palestinian economy became dependent on remittances from Palestinian workers from the Occupied Territories who worked in Israel.

This had resulted in a striking contrast in the economic performance and capabilities of Israel and the Occupied Territories: the Israeli economy is diversified, with a rapidly developing high-tech sector. The economy of the Occupied Palestinian Territories, on the other hand, relies mainly on commerce, agriculture and manufacturing.

De-Development

Israel's economic policy after 1967 was based on the 'de-development' of the Palestinian economy, in order to preclude Palestinian economic autonomy and prevent competition with the Israeli economy. Since the 1993 Oslo Accords, Israel has used punitive 'closures' that restrict the freedom of movement of people and goods. The purpose of this policy was twofold: to provide the Israeli economy with labour and resources, and to pacify the Palestinian population of the West Bank and Gaza Strip through a system of economic rewards and punishments.¹⁹

Palestinian land and water are the primary resources, which have been confiscated by Israel. At least 1,459,750 acres of land have been seized since 1967, and currently between 80-95% of the water resources of the Occupied Territories are used by Israel within its 1967 borders and by the settlements in the Occupied Territories. The impact of the loss of key economic resources on the Palestinian economy has been profound. The agricultural sector in particular has been crippled, and currently forms only 6.4% of Gross Domestic Product.²⁰

The requisition of water resources has likewise contributed to the impoverishment of the Palestinians. After the 1948 war, Israel controlled many of the local groundwater resources, especially the coastal aquifer. Israel gained control of the headwaters of the Jordan and Yarmuk rivers in 1967, and the water basins of South Lebanon in 1982, and began to

draw large amounts from these sources at the expense of the Palestinians, Jordan, Lebanon and Syria. Israel took total control of all water resources in the West Bank and Gaza after 1967, severely restricting Palestinian use of the mountain aquifer and declaring the area adjacent to the Jordan River a 'closed military area'.

Dependency

Several restrictive economic policies imposed after 1967 sought to increase the 'structural dependency' of the Palestinians on Israel.²¹ Primarily, Israel sought to prevent Palestinian industry from competing with Israeli industry. Since 1967, Israel has prevented the import of raw materials and restricted the issue of licences required for industries or businesses in the Occupied Territories. Palestinian businesses have often lacked the financial resources or credit to operate, as Israel restricted the development of financial and credit institutions – there was no Palestinian banking system until 1993, and Israeli banks were not sympathetic to Palestinian businesses. Israel also invested very little in the public infrastructure of the West Bank and Gaza. Other key restrictions were placed upon foreign trade, research and training, land, agricultural production and the use of water.²²

Building restrictions also severely hampered the development of the Palestinian economy and contributed to social problems. In East Jerusalem, Palestinians are subject to housing quotas and building restrictions that have cut Jerusalem off from the Palestinian hinterland. Similar regulations constrain Palestinians who seek building permits throughout the Occupied Territories.

In agriculture and other industries, Palestinians were subject to restrictions on producing goods in which both Israelis and Palestinians share a comparative advantage. The Israeli army enforced these restrictions on agriculture by confiscating or destroying produce that did not meet these discriminatory requirements.²³ Limitations on Palestinian development and free trade created a captive market for Israeli goods within the Occupied Territories: Israeli companies were given free access to the Palestinian market, which forms a duty-free zone for Israelis. Non-tariff barriers were also imposed on Palestinian trade with or in transit through Israel, including administrative restrictions such as the need for permits to import or export, and the use of security checks. On average 75-85% of all Palestinian imports have come through Israel since 1967.²⁴

Labour Migration

This relationship of dependency resulted in large numbers of Palestinian workers seeking employment in the stronger Israeli economy, which they were permitted to do beginning in 1968.²⁵ Until 1973, the numbers of such workers increased at a rate of 43% annually.²⁶ At its apex, labour migration to Israel accounted for over one third of the total Palestinian workforce, contributing 42% of the Palestinian GDP through their remittances.²⁷

Part 3

The Oslo Peace Process (1993-2000): The Formalisation of Israeli Control

The first Intifada (uprising) brought an end to the idea that Israel's control of the Occupied Palestinian Territories was a cost-free process, and contributed to the election of an Israeli government with a mandate to negotiate a land-for-peace deal in June 1992. Negotiations for an end to the Arab-Israeli conflict began with the US-USSR sponsored Madrid Conference in 1991 (based on Resolutions 242 and 338). The US was hopeful about resolving an issue that had long complicated its relations with the oil-producing Arab states. The initial negotiations did not make significant progress, as the Likud-led government refused to curtail construction of settlements or consider meaningful territorial concessions. The election of the more flexible Labour-led government of Yitzhak Rabin in 1992 led to substantive negotiations with the PLO, producing the Oslo Accords in March 1993.

The first Oslo Accords entailed recognition of Israel's right to exist by the PLO, and of the PLO as the legitimate and sole representative of the Palestinian people by Israel. The 'Declaration of Principles on Interim Self-Government' envisaged a five-year interim period during which power would be partially devolved to a Palestine National Authority (PNA) in the Occupied Territories. Negotiations towards a permanent settlement, addressing the issues of final borders, Jerusalem and refugees, would begin in 1996 and conclude in 1999. Other Arab states would also recognise Israel.

In 1995 an interim agreement, Oslo II, followed the Declaration of Principles, specifying the parts of Gaza and the West Bank over which the PNA would have jurisdiction.²⁸ Oslo II envisaged the staged withdrawal of Israeli forces so that the Occupied Territories would, in the interim period, consist of territorially distinct 'cantons', classified as either: zones A (full Palestinian control), B (Palestinian civil control and Israeli military control), and C (full Israeli control). While Palestinians assumed this arrangement would lead to the restoration of the entire area of the West Bank and Gaza to a fully sovereign state, Prime Minister Rabin foresaw territorial compromises producing a Palestinian state more autonomous than sovereign.

The implementation of the Oslo Accords and progress towards 'final status' talks were halting at best; meanwhile the excesses of the occupation persisted: settlement building, land confiscation and human rights abuses by the army. Additionally, progress was frustrated by large-scale suicide bombings inside Israel sponsored by Hamas and the assassination of Prime Minister Rabin in 1995. With Shimon Peres's election defeat in 1996 and the coming to power of right-wing Likud politician Binyamin Netanyahu,²⁹ substantive progress became impossible until the election of Labour's Ehud Barak in 1999.

Following the election of Barak on May 19 1999, with a wide internal mandate on a platform for negotiation, talks ultimately resumed at the Camp David retreat in July 2000 (Camp David II). Ending in failure, these talks have been a source of controversy ever since. Many Israelis

regarded Barak's proposals for a 'final settlement' to the conflict as generous, even dangerously so, while Palestinians were deeply disappointed by what they saw as continuing Israeli colonial ambitions over the Occupied Palestinian Territories.

At Camp David II Israel nominally offered to hand over around 90% of the Occupied Territories, but wished to retain 10% of the West Bank, encompassing the largest settlement blocks, the Jordan valley, a network of bypass roads, control of external borders, airspace and water resources. This would have left Palestinians with control of about 80% of the West Bank and Gaza.³⁰ The Palestinians were offered shared sovereignty over some Arab neighbourhoods in East Jerusalem, but the settlements that ring them would not have been dismantled, leaving the city cut off from the West Bank.³¹ The talks also failed to address the issue of the 'Right to Return' for the 4.5 million Palestinian refugees who originally came from inside Israel.

Immediately after the failure of Camp David II, the then opposition leader, Ariel Sharon, visited the Islamic site Haram al-Sharif (known to Jews as the Temple Mount) in East Jerusalem on September 28th 2000, an act considered inflammatory and provocative to many Muslims. Protests broke out the following day, after Barak dispatched a large police and military presence to the site, and Israeli troops opened fire on unarmed demonstrators, killing seven and injuring 200 and triggering the second uprising (or al-Aqsa Intifada).³² The ongoing violent clashes that resulted destroyed Barak's chances of re-election, and Ariel Sharon became Prime Minister in February 2001.

Peace Process: Matrix of Control

The Oslo process failed to redress the demographic, economic, or military imbalances between the Israelis and the Palestinians. In effect, Israel divested itself of Palestinian population centres, while maintaining control over the majority of the land. Israel still had security control of 83% of the West Bank (areas B and C), and 400 km of 'bypass roads', which effectively divided the West Bank into three sections, in which 120 disconnected enclaves contained the majority of the Palestinian population.³³ 88% of these enclaves are under 2km in size. The number of settlements also increased during this period, exceeding 200, with the number of settlers increasing in the West Bank and Gaza from 125,000 to 200,000 and in East Jerusalem from 150,000 to 200,000.³⁴ In Gaza, 6,500 settlers control 30% of a territory, which is home to 1.1 million Palestinians.³⁵

During the Oslo peace process, not one Israeli settlement was dismantled. The settlements even grew substantially in area and population during this period.³⁶ While at the end of 1993 the settler population in the West Bank (including East Jerusalem) totalled some 247,000, by the end of 2001 the figure had risen to 375,000.³⁷

The Formalisation of Economic Control

The Oslo era (1993-2001) did not generate economic growth for the Occupied Territories, the economies of which are presently in a state of collapse. The principal reason for the ongoing impoverishment of the Palestinians is Israel's continuing control of and restrictions upon the Palestinian economy. The Israeli policy of closure acts as a form of collective punishment, preventing ordinary people from living normal lives – going to work, to school, to hospital, or to visit family and friends. Moreover, Israel's enforcement of the policy of closure has been unpredictable and arbitrary. This policy has led to the paralysis of civilian systems in the Occupied Territories, and has made Palestinian society in general dependent on foreign donations and assistance.

As the Palestinian economy is dependent upon remittances and external aid, closures mean that the economy is deprived of its primary sources of income. The Israeli military imposed 'security' measures such as identity cards for the Palestinian workers, which severely impacted on their rights, especially when these measures were formalised by the Oslo Accords. Even when Palestinians are able to obtain work within Israel, many illegally due to quotas and 'security' restrictions, they are not afforded the same legal protections or benefits as Israelis, and often, while in transit, they suffer human rights abuses by the Israeli army, such as beatings, strip searches, humiliation, etc.

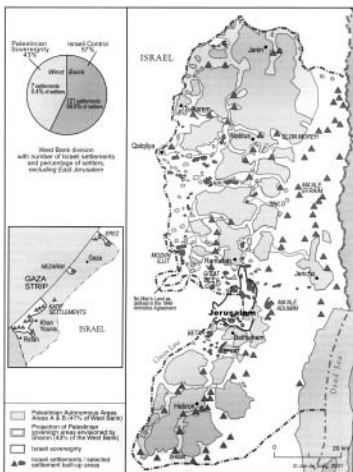
It should also be said that a lesser cause of the economic situation of the Palestinians could be attributed to mismanagement of the Palestinian economy by the PNA, and, by all accounts, to its endemic corruption.

During the period of negotiation (1993-2000) and especially after the signing of the Paris Protocol, which codified economic relations under the Oslo Accords in 1994, the economic situation for most Palestinians deteriorated. The optimism of the peace process, and formal recognition of the principle of the free movement of labour and goods between Israel and the Occupied Territories, belied the continued Israeli control of the Palestinian economy – Israel's dramatically increased use of closures, which was facilitated by Oslo's 'cantonsisation' of the West Bank and Gaza, and the ongoing seizure of Palestinian resources.³⁸ The majority of the PNA's revenues came from taxes that were still collected by Israel, and periodically withheld as a punitive sanction. The corruption of the PNA also contributed to the economic situation.

The Oslo process legitimised ongoing Israeli control of the West Bank and Gaza in many ways. Under the Paris Protocol, decision-making power in the economic sphere, including fiscal and monetary policy, was left in the hands of Israel. For example, Israel maintained jurisdiction and legal authority over zoning, building, land registration, labour and resources throughout the West Bank and Gaza, though it gradually ceded the cantons of disconnected territory detailed above. The bulk of productive agricultural land remained in Israeli hands during Oslo, and between 1994 and 2000 Israel confiscated 35,000 acres of Arab land.³⁹

The customs union and 'free-trade' arrangements between Israel and the Occupied Territories were formalised along with non-reciprocal restrictions damaging to the Palestinian economy. Quotas, for example, were put in place for Palestinian agricultural exports to Israel, in areas where there was competition with Israeli agriculture, but there were no quotas on such Israeli goods coming into the West Bank and Gaza.⁴⁰

Data released from the Palestinian Central Bureau of Statistics (PCBS) is the first to provide information about the performance of the West Bank and Gaza Strip economy in the period following the Oslo Accords. According to this data, the real Gross Domestic Product (GDP) per capita for the West Bank and Gaza (excluding East Jerusalem) declined by 5.4% in 1996 and gross fixed capital formation (GFCF) decreased by 6.9%. Investment in manufacturing, which is mentioned often as a potential engine of growth for the West Bank and Gaza economy, was far below potential due to continued political uncertainty and Israeli border closures. In fact, when adjusted for depreciation, fixed capital formation in the manufacturing sector was negative in 1996 (-\$2.9 million). Finally, the percentage of the West Bank and Gaza population living in poverty, based



on a poverty line of \$650 per capita per year; increased from 19.1% in the fourth quarter of 1995 to 20.1% in the fourth quarter of 1997.

The gap between the economic performance of Israel and the Occupied Palestinian Territories increased, reflecting the unequal distribution of resources between the two economies. In Israel, GDP reached \$98 billion in 1997, or \$16,800 per person. Exports for 2000 were \$30.8 billion, with manufacturing and tourism providing a significant source of income; imports were \$34.1 billion. The US and the European Union (EU) are Israel's main trading partners, both of which have free trade agreements with Israel.

The economy of the Palestinian Occupied Territories, on the other hand, had a GDP of \$4.7 billion in 1999, or \$1,552 per capita.⁴¹ While seeking to utilise the resources of the Palestinian economy (particularly cheap labour, water and land), Israel has evaded its obligation to ensure the fair implementation of social and economic rights for the Palestinians. Thus it has maximised its profit from the occupation, without taking responsibility for it. Between 1994 and 2000, various powers were transferred to the Palestinian Authority. However, Israel continued to retain extensive and effective control over the lives of the Palestinian residents.

Part 4

Uprising and Re-occupation: Poverty and Humanitarian Crisis since 2000

By the end of 2000, the conflict had hardened into demonstrations and clashes on a daily basis, with the casualties coming overwhelmingly from among Palestinian civilians. Armed Palestinians, many forming militias, soon began attacks on Israeli soldiers and settlers, and organisations carried out bomb attacks inside Israel and the Occupied Territories.

Since the election of Ariel Sharon as Prime Minister in February 2001, Israel's attempts to suppress the Palestinian uprising and reoccupy the areas of the West Bank and Gaza under PA control have led to an escalation of violence and a total collapse of the peace process. Suicide bombings have increased dramatically, which Israel used as a pretext to reoccupy major Palestinian towns between March and June 2002. Israeli operations have included the killing of Palestinian men, women and children, extra-judicial assassinations of militant leaders, the arbitrary detention and deportation of prisoners, collective punishment, and the wholesale destruction of PA installations and civilian infrastructure and homes. The most prominent of these operations was the assault on the Jenin refugee camp, which resulted in dozens of casualties and the destruction of hundreds of homes.

The balance of military forces renders impossible any notion of a real armed conflict. The various Palestinian security forces under the theoretical control of the PNA comprised approximately 40,000 lightly armed personnel with no heavy ammunition, artillery or air force. These forces have been largely diminished as a result of the Israeli attacks. Irregular Palestinian militias do have some weapons proscribed by the

Oslo Accords, and suicide bombers have proved lethal. Israel, on the other hand, receives around \$1.8 billion in annual military aid from the United States, making it the most sophisticated military in the Middle East, and one of the most impressive military forces in the world.

Israel has made full use of the military hardware at its disposal, using US-made Apache and Cobra helicopter gun ships, F-16s fighters and tanks to attack Palestinian homes, buildings and emergency services in the West Bank and Gaza Strip. Many countries, including the US State Department, have condemned these actions as 'excessive use of force'.⁴²

Between 29 September 2000 and February 2003, 2,113 Palestinians were killed and 21,884 were injured.⁴³ Among the latter are 2,500 Palestinians who were permanently disabled, including 500 children; 76 Palestinians, including pregnant women, have died due to prevention of access to medical treatment. The Israeli army used Apache and Cobra helicopters, tanks and booby-trapped cars to assassinate 86 Palestinian activists and militants, also killing 42 bystanders in the process.⁴⁴ These 'extra-judicial assassinations' are illegal under the Geneva Conventions.⁴⁵ During the same period, 731 Israelis were killed and 5,080 were injured.⁴⁶

The conditions in which the majority of Palestinians in the West Bank and the Gaza Strip now live have no parallel during Israel's 36-year occupation. Israel's military invasion of the West Bank began at the end of March 2002 and culminated in the reoccupation of most of the principal cities in June 2002. Its daily incursions into parts of the West

Bank and Gaza Strip are perhaps the most visible illustrations of Israel's unwillingness to end the occupation. In addition, Israel has taken punitive measures against Palestinians that include the widespread use of collective economic punishment, mainly in the form of imposing curfews, 'closures' and blockades, which restrict the movement of labour, goods and people. Land confiscations continue, along with home demolitions, and the destruction of public and private property, such as orchards and crops. Jewish settlement building has also continued.

The hoped-for economic boom in the aftermath of the signing of the Oslo Accords between the Israelis and the Palestinians in 1993 never materialised. Instead the Palestinians are facing the imminent breakdown of their economy, a humanitarian crisis and the destruction of their ordinary life. This situation is characterised by poverty and despair, and dehumanising and paralysing conditions. Israel's current policy has effectively caused the paralysis of all civilian systems in the Occupied Territories: economy, health and education.

Closure and Siege

The Israeli policy of closure and siege (known in Israel by the euphemism 'encirclement') remains largely unknown and misunderstood in the West. Together with the work-permits (or passes) system, it has had devastating consequences on the Palestinian economy and on society. Israel has 'encircled' districts and individual villages, cutting them off from the remaining parts of the Occupied Territories and East Jerusalem. This has been achieved through the use of both manned checkpoints and unmanned roadblocks (soil ramps, piles of refuse, concrete blocks and the destruction of roads). Thus Israel controls entry and exit from all locales in the West Bank. A large number of unmanned physical roadblocks prevent any possibility of passage, which effectively means that many villages are completely isolated.

All this has led to the fragmentation of the Occupied Territories into several separate clusters (often termed as cantons), which totally isolates individual communities, especially in the south of Gaza and in rural and remote areas of the West Bank. The Israeli army controls all movement



of people and goods within the Occupied Territories, and between them and East Jerusalem and Israel, by means of a dense network of military checkpoints and roadblocks.

As early as October 2000, the Israeli military authorities established over 90 checkpoints in the West Bank and over 30 in the Gaza Strip, with the aim of enforcing tighter restrictions on the free movement of Palestinian people, labour and goods across internal and external borders. In recent months further fragmentation of the Palestinian Occupied Territories has ensued with over 120 checkpoints dissecting the West Bank into 300 enclaves and the Gaza Strip into three separate sections.

Fifteen months into the Intifada, the West Bank was subjected to closures 73% of the time, while Gaza was under closures 4% of the time.⁴⁷ The main crossing between Gaza and Israel was closed for 65% of the time.⁴⁸ The 'safe passage', designed in the Oslo Accords for access between the West Bank and Gaza, was closed by Israel in October 2000, thus ending almost entirely any form of demographic or economic exchange between the two territories. In addition, Palestinian access to neighbouring countries and the rest of the world has been restricted as a result of frequent closures of border crossings with Egypt (at Rafah) and Jordan (at Allenby Bridge). Access to international markets, which normally occurs through Israeli ports, has been obstructed as a result of the closures and checkpoints.

Economic Impact

Recession

The Palestinian economy had shown signs of recovery in 1998 as a result of increased private investments and funding from donor countries. However, this process came to an abrupt end in September 2000. Two years into the uprising the World Bank stated 'the Palestinian economy witnessed a further deep decline in all indicators'.⁴⁹ The rapid deterioration of economic conditions indicates the fragile and weakened state of the economy before September 2000. The prolonged closures imposed on the Occupied Territories have led the Palestinian economy into paralysis and severe recession.⁵⁰

The overall impact of the closures, sustained for over two years, has been devastating for Palestinians' economic, commercial and social life. Everyday activities, such as going to work or gaining access to basic services, especially health and education, have been curtailed. So much so that the World Bank has characterised the situation as 'economic dislocation' or 'economic cantonisation'.⁵¹ However, what prevents the economy from a total collapse – for the time being – is aid from the PA and donors, and social support systems among Palestinians.

Unemployment

One of the major factors in the present economic crisis causing the dramatic deterioration of living conditions in the Occupied Palestinian Territories is the high rate of unemployment. This is largely due to the loss of jobs in Israel and in the private sector. Within weeks of the outbreak of the Intifada, approximately 100,000 Palestinian jobs in Israel were lost, out of a total of 130,000 (excluding East Jerusalem). By December 2001 – 15 months into the Intifada – another 60,000 jobs had been lost inside the Occupied Territories due to a decrease in demand, which forced businesses to dismiss workers. The World Bank estimated unemployment rates as reaching 35%, leaving 275,800 people without a source of income.²² By June 2002, UNSCO put the unemployment rate at 50%.²³ By March 2003, there had been a further rise in unemployment to 53%.²⁴

Destruction of Infrastructure

The productive capacity of the Palestinian economy has been further weakened by the damage and destruction caused by Israel's re-occupation of Palestinian towns and the recent large-scale military incursions. PA headquarters and installations, Gaza port and airport, radio and TV buildings were destroyed, as well as part of the civilian infrastructure and property. Before the invasion in late March 2002, the physical damage to infrastructure and property was estimated at a loss of \$350 million; during one month in March and April 2002 alone, the Israeli army destroyed and looted property worth \$361 million.²⁵

From October 2000 - December 2001, the loss due to destruction of the infrastructure, according to the World Bank, was \$305 million, of which the Gaza Strip incurred 63%, while the West Bank sustained the remainder.²⁶ During the same period, damage sustained to agriculture, including the uprooting of 454,541 trees and the destruction of orchards, came to \$141 million.²⁷ Private building incurred a loss of \$47.5 million, public buildings suffered a loss of \$40.8 million, and infrastructure accounted for \$40.1 million in damage.²⁸ Between September 2000 and February 2001, the Israeli army demolished 720 Palestinian homes and an additional 11,553 were damaged, affecting 73,600 people.²⁹ The five-week Israeli incursion in March - April 2002 alone resulted in the demolition of 881 homes, and the damaging of 2,883 more homes in refugee camps, leaving at least 22,500 people homeless.³⁰ The World Bank estimated the total damage to infrastructure in the West Bank and Gaza Strip through early June 2002 at over \$800 million.³¹

Declining Incomes

In December 2001, the UN Special Co-ordinator (UNSCO) estimated that the loss to the Palestinian economy since the Intifada began in September 2000 was between \$2.4 billion (£1.55 billion) and \$3.2 billion (£2.6 billion).³² By March 2002, almost half of Palestinian households were living on 50% of what their income had been before the current Intifada began.³³ Income losses stand at \$6 - \$8.6 million per day.³⁴ Such loss of income far exceeds the levels of aid provided by the international

community. The Palestinian Authority has struggled to pay salaries to its 125,000 employees in large part due to the withholding of tax revenues owed to it by Israel. Whilst some payments had been made by August 2002, the IMF estimated the figure owed at \$600 million.³⁵

The sharp decline in Palestinian purchasing power and disruptions to the transport of goods has led to a situation in which the food industry is at 60% of its capacity, while light industries work at less than half their capacity.³⁶ Palestinians are forced to depend on Israeli products; the Israeli army facilitates access of Israeli products to Palestinian markets by letting Israeli products pass the checkpoints.³⁷

Palestinian exports are down by 60% and government spending has been halved; before the Intifada the PNA spent over \$100 million a month; now it puts little more than \$50 million a month into the economy.³⁸ Direct and indirect losses to the economy as a whole have been estimated at somewhere between \$3.5 and \$10 billion. A loss of \$3.5 billion means that the Palestinians have lost their GDP for an entire year; prior to September 2000, the Palestinian Authority GDP was almost \$4 billion.³⁹ 95% of tourism and construction companies, regardless of their size, have come to a standstill. Construction, which makes up 22% of the Palestinian GDP and 80% of private Palestinian investment, has been working at 15% of its capacity.⁴⁰ To put this in context, Palestinian public investment is not more than \$200 million a year. In one month, the Israeli army destroyed what the Palestinian Authority might have built in two years.⁴¹ The World Bank estimates that even if there were a political solution to the ongoing conflict and a lifting of the closures, it would take the Palestinian economy at least two years to recover to a pre-intifada per capita income level.⁴²

Social Impact

The effects of Israeli measures in the Palestinian Occupied Territories since September 28, 2000 have been a decline in employment, trade and investment. Above all, these measures have paralysed civilian systems and created an emergency situation for the population: food shortages (including shortages of baby food), problems with fresh water, electricity and access to healthcare, the accumulation of garbage in the streets and so on. In such conditions, high levels of poverty and despair prevail and weaker sectors of the population, such as children, pregnant women, the sick and the old, are particularly vulnerable. Increasing numbers of Palestinians are unemployed, or are unable to access their land. As a result, a growing number of Palestinians seek external aid from overseas organisations and governments to help meet their minimum daily needs.

Poverty

The devastation of the Palestinian economy has had direct repercussions on the impoverishment of the individual. USAID predicted as early as December 2000 that the situation would lead to the occurrence of a humanitarian crisis – measured in high malnutrition rates, increased

morbidity and mortality – among vulnerable groups within three months.⁷³ By January 2001, the number of people living below the poverty line (based on a household with two adults and four children with an annual consumption of less than \$2.10 per person per day) increased from 650,000 to 1 million, or from 21% to 32% of the population.⁷⁴ By July 2001, the number of people living below the poverty line based on \$2 a day doubled from 1 million to 2.1 million people, or 65% of the total population – 57% in the West Bank and 80% in the Gaza Strip.⁷⁵

58.3% of Palestinian households (of which 45% were in the West Bank and 86% in the Gaza Strip) received some form of humanitarian aid during the Intifada. 81.2% of the households are in need of assistance.⁷⁶

Poverty disproportionately affects children. A large proportion of the Palestinian population are children (53% of the Palestinian population is below 18 years), and more than two-thirds of Palestinian children live in poverty.⁷⁷

The United Nations World Food Program (WFP) has launched an emergency operation to help the most impoverished Palestinians, about 500,000 people, in the West Bank and the Gaza Strip. The WFP reported that the situation is alarming, and hunger and malnutrition are increasing.⁷⁸

Malnutrition

Several international NGOs in the West Bank and Gaza reported on 'the steadily declining ability of ordinary Palestinians to afford goods and services in order to meet their most basic human needs'.⁷⁹

According to a study funded by USAID and conducted by CARE, Johns Hopkins University, Al-Quds University and American Near East Refugee Aid (ANERA), chronic and acute malnutrition is widespread among children under five years of age and increasing rapidly. 30% of children screened suffered from chronic malnutrition and 21% from acute malnutrition. These numbers have increased significantly since 2000 when only 7.5% and 2.5% of children suffered from chronic and acute malnutrition respectively. Furthermore, 45% of children under 5 years of age and 48% of women of childbearing age suffer from moderate to mild anaemia.

These nutrition figures are defined as 'a humanitarian emergency'. The researchers also found that there is a lack of protein-rich food products. The main reason for this is the Israeli roadblocks, closures and curfews. Even when food is available in the shops, many Palestinian residents can purchase very little, due to financial hardship. Many families resort to selling their assets to meet their daily needs.

Healthcare

Due largely to international attention and criticism of the damage caused to medical services during the March - April 2002 military invasion, Israeli

political and military sources claimed that particular attention would be given to preventing damage to the civilian infrastructure of the Occupied Territories. In practice, however, damage to the civilian infrastructure continued, with effects on the lives of the sick and medical crews, as well as on the functioning of hospitals.

Following Israel's invasion of Palestinian cities, there were reports of dozens of cases of serious damage to medical services including ambulances, hospitals, and medical personnel; of restrictions on the evacuation of wounded persons, the movement of the sick, and the supply of medicines and food. Family violations grew worse (e.g. delaying and preventing the passage of patients and medical personnel), and new violations were added (medical personnel were shot at, and shells were fired at hospitals). This policy exacted a heavy toll on the lives of medical personnel and patients.⁸⁰ It should be noted that this policy has caused an increase in morbidity.

One of War on Want's partners, the Union of Palestinian Medical Relief Committees, has reported a near collapse of the national health system, with medical supplies in local clinics running dangerously low. The national vaccination programme has been halted because of difficulties in moving around. 'Our medical resources are stretched to the limit with the current crisis', said Dr Mustafa Barghouti, director of the Union of Palestinian Medical Relief Committees. 'The siege has affected rural communities particularly badly. Our medical teams are increasingly being asked to provide food as well as medical care. Much of the economic and medical progress of the past eight years has been destroyed.'

Women

The long-term impact of violence on Palestinian society, and the implications for women and children, who are its most vulnerable sectors, is far reaching. Women fall victim to a three-tiered process of violation. At present, they are victimised by the political violence, living in perpetual fear for their safety and that of their families, while bearing the additional burdens imposed on them by conditions such as the destruction of their homes, the razing of agricultural property, the uprooting of trees and rampant unemployment.⁸¹

The unemployment and poverty created by the destruction of agricultural land, property and restrictions on movement, impact heavily on women, increasing their sense of isolation and pushing them further into despair. They continue to bear the burden of providing food and support for the family, while finding themselves required to assume new roles as well.

With tighter restrictions on the movement of men, many women are forced out of their protected domestic world to seek employment in order to sustain their families, while their unemployed husbands stay at home. This sudden and involuntary reversal of gender roles disturbs the stability of family relationships, and puts women in a perilous position.⁸²

Male frustration and insecurity have a consequent adverse impact on women, who have become victims of increased rates of domestic violence. In addition, women forced into the workforce also face exposure to exploitation by employers.⁶¹ Often unaware of their rights and unable to seek redress, these women are, once again, victimised.

Women's lives and safety are not only exposed to hazardous conditions in the private sphere, but also in the public. The roads between towns and villages have been rendered unsafe for travel due to frequent settler attacks, while sexual harassment by machine-gun-toting teenage soldiers has become a regular, daily experience for Palestinian girls and women at military checkpoints.

Several women have been killed on their way to work, and many female students have had to drop out of high school and college due to the difficulties of travelling between towns and villages.⁶² The disruption of road travel has also hindered socialising and family visits, which, traditionally, have played an important and meaningful role, providing emotional and financial support, particularly to women and children. Many women have been entirely cut off from their families who reside in other towns (upon marriage, Palestinian women typically move to live in the town of their husband's family), while many college and university students have not seen their families since the Intifada began, in September 2000.

Children

For Palestinian children, the violent reality of the ongoing Israeli military occupation of the West Bank and Gaza Strip has meant the interruption of normal life including education, social interaction, and access to healthcare. It has also meant a loss of income for their families. In addition, psychological trauma has resulted from exposure to shelling, shootings and beatings that have led to injuries, disabilities and loss of life.

Palestinian children have been exposed to harassment, displacement, shootings, and destruction of their homes and schools. These measures drastically increased during the recent occupation, accentuating the psychological effects on children.

Defence of Children International (DCI) revealed that around 40–50 children are being detained in Ofrah prison near the city of Ramallah.⁶³ The Palestinian Central Bureau of Statistics (PCBS) reported in May 2001 that 27.331 (1.3%) of the Palestinians in the West Bank had changed their residence due to the situation, 22.33% permanently and 54% temporarily.⁶⁴ Of 460 school children interviewed at least half showed symptoms of disturbance such as crying and fear of loneliness, the dark, and loud noises. About a third showed symptoms of sleep disorder, nervousness, a decrease in eating and weight, feelings of hopelessness and frustration and abnormal thoughts of death. About half of the children showed deterioration in their schoolwork and one-third were unable to concentrate.⁶⁵ In the same report, around 7% of families had experienced

shooting at their houses, 3.5% raids on their homes by Israeli soldiers or settlers, and 6% had been exposed to tear gas. 5% of families reported damage to their land, 3% to their homes, and 4% to their cars.⁶⁶

According to the Palestinian Ministry of Education, the initial assessment of damage to schools during the main incursion (29 March through 11 April 2002) indicated that 11 schools were completely destroyed, 9 were vandalized, 15 were used as military installations, and 15 were used as detention/ holding facilities. The systematic destruction and abuse of Palestinian educational facilities resulted not only in material damage and financial loss, but seriously affected the education of hundreds of thousands of Palestinian children. The Ministry estimates that 54,730 teaching sessions were lost in three weeks as a result of the Israeli siege and the ensuing cessation of classes in schools in Ramallah, Nablus, Jenin, Tulkarim, Bethlehem, Qalqilia, Salfit, and Qabatiya. Moreover, the widespread destruction or confiscation of vital Ministry files, such as documents necessary for certifying students' transcripts, will make rebuilding the education sector extremely difficult.

Water

In 1967 Israel transferred the authority over the West Bank and Gaza Strip's water resources to Israeli military command⁶⁷ and forbade the unlicensed construction of new water wells.⁶⁸ In 1982 the Israeli water authority, Mekorot, took control of all Palestinian water sources. Further widespread digging and pumping from deeper wells for Israeli use caused Palestinian wells to dry up. It should be noted that although the pretext for Israeli occupation of Palestinian territory is security, the desire of Israel to control water resources is in fact one of the main reasons why Israel is reluctant to end its occupation of the region.

While the Palestinian daily per capita consumption of water is estimated at 50–70 litres (with some areas receiving the meagre amount of 19 litres), Israel's consumption is 350 litres, about five times higher.⁶⁹ The minimum water consumption per person recommended by the World Health Organisation (WHO) is 100 litres per day.⁷⁰ The Israeli newspaper *Ha'aretz* published figures indicating that in Hebron the Jewish settlers consume 547 litres of water per person per day as compared to 58 litres by a Palestinian.⁷¹

Since the start of the intifada, the Israeli army has often used water as a punitive and discriminatory tool against Palestinian communities. Many refugee camps and villages in remote areas are suffering from serious water shortages due to Israeli sieges and the cutting off of their water supply. Israeli soldiers have targeted rooftop water tanks on Palestinian houses near the Israeli checkpoints. Israeli helicopters have routinely bombarded Palestinian water wells and tanks.

The Palestinian Hydrology Group (PHG) reported that 114 groundwater wells for irrigation and drinking purposes were destroyed. More than 765 farmers lost their farms because of the scarcity of water after damage

was done to those wells. 97 of the water irrigation networks were destroyed, losing thousands of metres of the water network. 35 rain fed pools were destroyed, and a wastewater treatment plant was partially destroyed in Israeli military tank attacks. The main pipeline, which carries water from the plant to the sea, was destroyed.⁷⁴

As a result of water shortages, many Palestinian communities are compelled to buy delivered water. However, water vendors are also suffering from a series of measures ranging from physical harassment, losing their business, and even death. Continuous attacks on Palestinian water tankers by Israeli settlers prevent them from reaching their water supply source-taps. As a result of the cut-offs, the price of tanked water for Palestinians increased from 2.5 US\$ per cubic meter to 7.5 US\$ per cubic meter. As a result of

the drastic rise in the price of water, the amount of income spent per family on water has increased by 12%, making it more difficult for families to meet their basic domestic and vital needs.⁷⁵

In the Gaza Strip, the problem of water shortage is compounded by the poor quality of water flowing through the pipes. The poor condition of the water seriously affects the quality of life of the residents and exposes them to severe health risks. An Oxfam water and sanitation engineer warned, 'We increasingly see villages where restrictions to basic services such as adequate drinking water and sanitation services result in immediate hardship and if unchecked could lead to outbreaks of disease.'⁷⁶

Part 5

War on Want Strategy: Fight Palestinian Poverty – End Israeli Occupation

Given the current escalation of the conflict and increased repression on the part of the Israeli military occupation, long-term development work aimed at helping Palestinians to raise their standards of living has become all but impossible. Placing three million people under what is effectively a siege inevitably has consequences for their livelihood, welfare and health.

In line with our international struggle against poverty, War on Want's main aim is to fight poverty in Palestine. We support the Palestinians in their efforts to achieve sustainable development and fulfil their human, social and economic rights.

War on Want's objective is to support grassroots organisations and projects on the ground that target the poorest and most vulnerable sections of the Palestinian people, in areas where we can make a tangible impact. War on Want's mandate in Palestine as elsewhere is to address the causes of poverty – not just to tackle the symptoms.

This report shows that the ongoing Israeli occupation of the West Bank and Gaza Strip – with its curfews, sieges and closures, the building of Jewish settlements, the expropriation of land and water resources – is the principal cause of poverty among the Palestinian population.

The main goals of War on Want's campaign against Palestinian poverty are:

- To commit the UK government's foreign policy to the relief of poverty in Palestine by exerting political and economic pressure on Israel to abolish all measures of collective punishment and to comply with international humanitarian law, and, above all, to end its illegal military occupation, in compliance with the relevant UN resolutions.
- To create mass public awareness in the UK of the causes of poverty and the humanitarian crisis in the West Bank and the Gaza Strip, and to seek support for anti-poverty initiatives from key trade unions and civil society organisations.
- To help UK union members and civil society constituencies to provide practical assistance and to express international solidarity with their Palestinian counterparts, and forge links with progressive Israeli groups.

The practices of the Israeli state and its military forces responsible for the impoverishment of the Palestinians blatantly violate international humanitarian law, as embodied in the Fourth Geneva Convention and the Hague Regulations, to which Israel is a signatory. Israel's actions are also in contravention of numerous UN resolutions. While Israel recognizes the validity of the Hague Regulations in the Occupied Palestinian Territories, it rejects the Fourth Geneva Convention. It argues that the West Bank and the Gaza Strip were not part of the sovereign

territory of either Egypt or Jordan, the two countries from which it seized the land. Thus the Convention is not valid there because these territories were never part of a state. None of the signatories of the Geneva Convention agrees with Israel's interpretation.

The international community, namely the 160 signatories of the Fourth Geneva Convention and the Hague Regulations, are failing to take seriously their obligations to make international law meaningful. Such failure is detrimental to the welfare of the Palestinians, but also to their own credibility and integrity.

War on Want calls on civil society organisations in the UK, the UK and EU governments, and the international community to address the causes of the humanitarian crisis and poverty in Palestine. In order to relieve the critical humanitarian situation and create the foundations for development, as well as to embark on the road for lasting peace, the following steps need to be taken:

- Israeli compliance with the Fourth Geneva Convention, which relates to the protection of civilians during war or under occupation. The UK and EU must stipulate the steps they are taking to guarantee Israel's compliance with the Geneva Conventions, and they should consider suspension of bilateral agreements in the light of Israel's non-compliance with international law.
- The withdrawal of Israeli military forces from all areas and cities under the PA that were occupied after September 2000, and the dismantling of all checkpoints.
- The deployment of an international monitoring presence to ensure that Israel adheres to humanitarian law to prevent further loss of life and guarantee the flow of humanitarian assistance.
- The lifting of the closures and sieges within the Occupied Palestinian Territories, in order to guarantee freedom of movement for Palestinians and goods within and between the West Bank and the Gaza Strip.
- To assist the Palestinians in their efforts to reform their government, so as to establish accountable and transparent institutions, and avert abuses of human rights and mismanagement.
- The restoration of the essential infrastructure (water; sewage, municipal services, etc) damaged in the recent Israeli military incursions.
- The end of all land confiscation, including that of land designated for the building of the 'Separation Wall' around the West Bank, and the imposition of an immediate freeze on the construction of Jewish settlements in the Occupied Palestinian Territories.
- Full Israeli withdrawal from the areas of the West Bank, Gaza Strip and East Jerusalem occupied since 1967, based on the UN Security Council resolutions.
- UK/EU financial assistance to address more than just emergency relief but the underlying causes of underdevelopment and factors which have shaped the growing dependence of the Palestinian economy on the labour market in Israel. Aid needs to focus on job

creation within the Palestinian economy to raise revenues, enhance rural livelihood, and encourage the expansion of domestic and international investment and trade

War on Want's vision is for a just and lasting peace in the Middle East; the resolution of the Israeli-Palestinian conflict should be based on international law and human rights. It should include the right of self-determination for the Palestinian people, the establishment of an independent and viable Palestinian state alongside Israel, and the right of return or compensation for Palestinian refugees.

This current condition of acute impoverishment is threatening to destroy Palestinian society. The eradication of poverty in the West Bank and Gaza Strip and the long-term development of the region cannot be achieved without an end to the illegal Israeli military occupation. The international community must act now to achieve a just and lasting peace.

Projects on the ground

War on Want has been developing projects in Palestine for many years now. Examples of local NGOs that War on Want has worked with include the Gaza Federation of Trade Unions, the Centre for Agricultural Services, Defence for Children International – Palestine Section, the Palestinian Working Women Society, the Democracy and Workers Rights Centre, the Union of Health Work Committees, and the Union of Palestinian Medical Relief Committees.

In many cases, a European partner has also supported the projects. These include organisations such as Solidaridad Internacional (Spain), Norwegian People's Aid (Norway) and Arbeiter Wohlfahrt (Germany). These organisations are affiliated to Solidarity, an independent international alliance of non-governmental organisations that are historically linked to the labour and trade union movement, and its member agencies collaborate with grass root organisations and trade unions in over 90 countries worldwide. War on Want has also worked with the United Nations Association International Service, as well as Medical Aid for Palestinians. With the assistance of these partners War on Want has been able to plan, implement and evaluate more than ten projects in Palestine in the last ten years.

War on Want has contributed more than £100,000 to projects in Palestine in the last ten years. Many of the projects were funded by contributions from War on Want's central funds. However, monies raised from a special Emergency Medical Aid Appeal for Palestine and a sum of £52,000 granted to the Mine Action project by the Diana, Princess of Wales Memorial Fund, funded several other projects.

Listed below are some examples of the sort of projects that War on Want has been supporting in Palestine.

Labour Rights Organisers, Gaza Strip and West Bank

War on Want worked in partnership with the United Nations Association International Service to second an experienced trade union organiser to the Gaza Federation of Trade Unions for two years from 1994. Based on the success of the project a similar one was established in partnership with the Democracy and Workers Rights Centre in the West Bank in 1996.

Agricultural Production and Training

The purpose of the project was to establish an agricultural centre in the Hebron District, which would provide the region's farmers with high quality plants, saplings and seeds at the lowest possible prices. The centre would also inform the farmers of new methods of cultivation. The project started in 1995 and was carried out in partnership with the Centre for Agricultural Services and Solidaridad Internacional. The centre received £8000 in funding from War on Want.

Mine Action in the Palestinian Occupied Territories

This project was carried out in partnership with Defence of Children International - Palestine Section and Norwegian People's Aid between June 1999 and June 2000. The broad aim of the project was to develop awareness and interest amongst the Palestinian community and local organisations about the effects of landmines on human beings and the environment. More specifically the project aimed to reduce casualties resulting from landmines and sought to support people with disabilities caused by landmines. The project was funded by a successful application for £52,000 to the Diana, Princess of Wales Memorial Fund.

Emergency Medical Aid

War on Want decided to issue an Emergency Medical Aid Appeal following the outbreak of the second Intifada in October 2000. The response to the appeal was considerable and enabled War on Want to send £29,000 to the Union of Health Work Committees (UHWC), through the organisation Medical Aid for Palestinians. This money enabled UHWC to buy basic medical equipment in order to provide health care and address urgent medical needs resulting directly or indirectly, from the conflict.

Psychological Crisis Intervention

In 2001 War on Want provided £2,000 to the Guidance and Training Centre to enable local women to develop their programme of providing psychological assistance to women and children affected by the on-going conflict. The patients received psychological counselling and therapy twice weekly, and met together in open meetings and workshops at least twice a month.

Job creation for workers in Gaza local industries

This project was carried out in partnership with the Democracy and Workers Rights Centre and the Norwegian People's Aid from April – August 2001. In the light of the high rates of unemployment in the Gaza Strip, this project provided job opportunities for 111 workers for 4 months within local industries. The workers received a monthly salary of \$300 – the industry owner paid 50% while the remaining 50% were paid by the project. Getting skilled and well qualified workers at a subsidized salary has strengthened 49 local industries. As a consequence 34 factories are able to continue operating, 8 factories were reopened and 7 were expanded.

Mobile clinics in Gaza Strip

Responding to the intensification of Israeli military incursions into the Gaza Strip and the severe shortage of medical supplies, War on Want supported a mobile clinics project that was run by the Union of Palestinian Medical Relief Committees (UPMRC), in partnership with Medical Aid For Palestinians (MAP). The contribution of £8,000 provided lab supplies and medications for mobile clinics for 6 months, January – June 2003.

Urgent Health Nutrition Services

War on Want contributed £3,160, through Medical Aid For Palestinians (MAP), to Ard El-Insan (Gaza) to provide urgent ambulatory health nutrition services for malnourished children under five and their mothers in the remote areas in the Gaza Strip. The duration of the project is 3 months from April - June 2003.

Bibliography

- Abdullah, S., 'The Palestinian Economy' (May 22, 2002)
- Abu-Lughod, J. 'The Demographic Transformation of Palestine', in Ibrahim Abu Lughod (ed.), *The Transformation of Palestine: Essays on the Origin and Development of the Arab-Israeli Conflict* (North-western University Press, 1971)
- Amnesty International, *Broken Lives, A Year of Intifada* (April 2001)
- Amnesty International, *Israel and the Occupied Territories: Demolition and Dispossession, the Destruction of Palestinian Homes* (December 1999), AI Index MDE 15/59/99
- B'tselem, 'Land Grab' (May 2002)
- B'tselem, 'Free Rein: Vigilante Settlers and Israel's Non-Enforcement of the Law' (October 2001)
- Centre for Economic and Social Rights (CESR), *Progress, Stagnation, or Regression? The Palestinian Economy Under the Oslo Accords* (2000), www.cesr.org
- Christian Aid, *Losing Ground: Israel, Poverty and the Palestinians* (London, 2003)
- Farsakh, L., 'Under Siege: Closure, Separation and the Palestinian Economy', *Middle East Report* (Winter 2000)
- Gush Shalom website, www.gush-shalom.org/english/index.html 'Shedding some light on Barak's 'generous' offers'
- Halper, J., 'The 94% Solution – A Matrix of Control', *Middle East Report* (Fall 2000)
- Herzl, Theodor, *The Jewish State* (1896)
- Joint Parliamentary Middle East Councils (JPMEC), *Commission of Inquiry, 'Palestinian Refugees' Right of Return* (London, March 2001)
- Khalidi, W. 'The Origins and Development of the Palestinian Problem' in *Palestine Reborn* (IB Tauris, 1992)
- Khalidi, W., 'All That Remains: The Palestinian Villages Occupied and Depopulated by Israel in 1948', *Institute of Palestine Studies*, (Washington DC, 1994)
- LAW, *The Palestinian Society for the Protection of Human Rights & the Environment, 'The Case of Settlement Workers'* (Aug 2000)
- LAW, 'Extra-Judicial Executions during the al-Aqsa Intifada: A Grave Breach of the IV Geneva Convention', www.lawsociety.org (February 25, 2001)
- Lesch, A. 2001, 'Zionism and its Impact', *Washington Report on Middle East Affairs*, (November 13, 2001)
- Malley, R., 'Fictions About the Failure at Camp David', *New York Times Op Ed*, (July 8, 2001)
- Oxfam, *Briefing Paper* (July 24, 2001)
- Pacheco, A., 'Flouting Convention: The Oslo Agreements', in *The New Intifada* (Verso, 2001)
- Palestinian Central Bureau of Statistics (PCBS), 'The Impact of the Israeli Measures on the Economic Conditions of Palestinian Households' (Ramallah, April 2001)
- Palestine Red Crescent Society (February 24, 2003) www.palestinerics.org
- Palestinian Hydrology Group (PHG), 'The Impact of Israeli Closure on the Water Supply Sector' (Aug & Sep 2001)
- Pappe, I., *The Making of the Arab-Israeli Conflict, 1947-51* (IB Tauris, 1994)
- Physicians for Human Rights–Israel (PHR-Israel), 'A Legacy of Injustice: A Critique of Israeli Approaches to the Right to Health of Palestinians in the Occupied Territories' (Israel, November 2002)
- Qatamesh, R., 'Palestinian Working Women's Affairs: An Analytical Study' (Ramallah: Palestinian Working Women's Society, 2001)
- Reich, B & Goldberg, D.H., *Political Dictionary of Israel*, (Maryland: The Scarecrow Press, 2000)
- Roy, S., *The Gaza Strip: The Political Economy of Development* (Washington: Institute for Palestine Studies, 1995)
- Roy, S., 'De-development Revisited: Palestinian Economy and Society since Oslo', *Journal of Palestine Studies*, vol. 28, no.3 (Spring 1999), pp. 64-82
- Roy, S., 'Palestinian Society and Economy: The Continued Denial of Possibility', *Journal of Palestine Studies* (Summer 2001)
- Roy, S., 'Decline and Disfigurement' in *The New Intifada* (Verso, 2001)
- Roy, S., 'Ending the Palestinian Economy', *Middle East Policy*, Vol. IX, No. 4 (December 2002)

United Nations Special Coordinator (UNSCO), 'The Impact on the Palestinian Economy of Confrontation, Mobility Restrictions and Border Closures, 1 October 2000 – 31 January 2001' (Gaza, February 2001)

UNSCO, 'The Impact on the Palestinian Economy of Confrontation, Border Closures and Mobility Restrictions, 1 October 2000 – 30 September 2001' (Gaza, October 2001)

UNSCO, 'New Economic Figures for the West Bank and Gaza Show Rapid Deterioration Leading to Human Catastrophe' (Gaza, August 29, 2002)

US Agency for International Development (USAID), 'Humanitarian Assessment' (July 2002)

US Department of State, 'Country Report on Human Rights Practices 2001: Israel and the Occupied Territories' (March 4 2002)

War on Want, 'Perpetual Loss: Palestinian Workers in the Endless Conflict between Israel and Palestine', Projects Department, Workers' Rights in Conflict Zones (written by Ashraf Fahim, London, 2002)

Women's Centre for Legal Aid and Counselling (WCLAC), 'The Second Palestinian Intifada: Social and Psychological Implications for Palestinian Women Resulting from the Israeli Escalation of Violence' (Jerusalem, August, 2001)

World Bank, 'Two Years of Intifada, Closures, and Palestinian Economic Crisis, an Assessment' (March 5, 2003)

World Bank, 'One Year of Intifada – The Palestinian Economy in Crisis: An Assessment' (March 18, 2002)

World Bank, 'The Impact of Recent Israeli Incursions, Closures and Curfews on the Economy of the West Bank and Gaza Strip' (September 2002)



Reuters/Popperfoto

Notes

- ¹ Herzl 1896
- ² Khalidi 1992, p.22
- ³ Much of the historical background of this report is based on an unpublished War on Want report written by Ashraf Fahim (2002); a report on Palestinian poverty has recently been published by Christian Aid (2003)
- ⁴ *ibid.*, p. 17
- ⁵ *ibid.*, p. 23
- ⁶ *ibid.*, pp. 30-32
- ⁷ Lesch 2001, p. 8
- ⁸ Khalidi 1992, p. 34
- ⁹ Khalidi, 1994, p. xxxi and map
- ¹⁰ JPMEC 2001, 311-315
- ¹¹ On this subject see Pappe 1994
- ¹² Abu-Lughod 1971, 139-163
- ¹³ Pacheco 2001, pp. 182-183
- ¹⁴ Fourth Geneva Convention, Articles 51 and 52
- ¹⁵ The term 'de-development' has been used by Sara Roy, a noted scholar of Palestinian-Israeli economic relations: Roy 1995, pp.128-32; see also Roy 1999
- ¹⁶ Fourth Geneva Convention, Article 49
- ¹⁷ B'tselem, August 1999 Report
- ¹⁸ LAW Report, May 2000
- ¹⁹ B'tselem 1999 Report, p.3, footnote 3.
- ²⁰ LAW Report, August 2000, section (i)
- ²¹ *ibid.*
- ²² *ibid.* & CESR Report, 1998
- ²³ LAW Report, May 2000, section iii
- ²⁴ LAW Report, May 2000, chapter 6
- ²⁵ B'tselem 1999 Report, p. 3
- ²⁶ *ibid.*
- ²⁷ *ibid.*
- ²⁸ Reich & Goldberg, 2000, p. 295.
- ²⁹ Although Netanyahu's government did sign the Wye River Memorandum, outlining further Israeli withdrawals from the West Bank, the Accords were never fully implemented.
- ³⁰ Halper, *Middle East Report* (Fall 2000), p. 1
- ³¹ For a full account of the proposals see Gush Shalom website, www.gush-shalom.org/english/index.html 'generous' offers'; see also Malley, *New York Times Op Ed*, (July 8, 2001)
- ³² *The Guardian*, February 9, 2001
- ³³ Farsakh, 2000, p. 6
- ³⁴ Amnesty International report, December 1999), p. 14, AI Index MIDE 15/59/99.
- ³⁵ *ibid.*
- ³⁶ B'tselem Report, 'Free Rein', October 2000
- ³⁷ B'tselem, 'Land Grab', May 2002, p.8
- ³⁸ Roy 2001, p. 5; For principle of free movement see in the Gaza and Jericho Agreement of 1994 – see B'tselem 1999, p. 4, footnote 8
- ³⁹ Roy 2001, in *The New Intifada*, (Verso 2001) pp. 92-96
- ⁴⁰ LAW, Aug 2000 – section iii
- ⁴¹ CESR Report, 2000
- ⁴² US Department of State, 'Country Report on Human Rights Practices 2001 – Israel and the Occupied Territories' (March 4 2002)
- ⁴³ Palestine Red Crescent Society (February 24 2003) www.palestinercs.org
- ⁴⁴ *Defence News* (26 Nov-2 Dec 2001); *Guardian* (August 10 2002)
- ⁴⁵ LAW, www.lawsociety.org (February 25 2001)
- ⁴⁶ Israel Defence Forces, February 2003 www.idf.il/daily_statistics/english/1.gif
- ⁴⁷ World Bank (March 18 2002), p. 3.
- ⁴⁸ *ibid.*
- ⁴⁹ World Bank (March 5, 2003)
- ⁵⁰ UNSCO (October 2001), pp.2-3
- ⁵¹ World Bank (September 2002), p.1
- ⁵² World Bank (March 18 2002)
- ⁵³ UNSCO (August 29 2002)
- ⁵⁴ World Bank (March 5, 2003)
- ⁵⁵ PCBS (April 2002)
- ⁵⁶ World Bank (March 18 2002), pp. 17-18.
- ⁵⁷ *ibid.*
- ⁵⁸ *ibid.*
- ⁵⁹ USAID (July 2002)
- ⁶⁰ *ibid.*
- ⁶¹ World Bank (September 2002), p.2
- ⁶² *Independent* (January 28 2001)
- ⁶³ World Bank (March 18 2002)
- ⁶⁴ *ibid.*
- ⁶⁵ Agence France Presse (August 14 2002)
- ⁶⁶ PCBS (April 2002)
- ⁶⁷ Abdullah, S. (May 22 2002)
- ⁶⁸ UNSCO (May 2002)
- ⁶⁹ *ibid.*
- ⁷⁰ World Bank (March 18 2002)
- ⁷¹ *ibid.*
- ⁷² *ibid.*
- ⁷³ USAID (December 19 2000)
- ⁷⁴ UNSCO (February 2001); World Bank (March 18 2001), p.11
- ⁷⁵ PCBS (April 2001); DWRC report (July 2002)
- ⁷⁶ *ibid.*
- ⁷⁷ DCI/PS (May 21 2002)
- ⁷⁸ Palestine Media Centre (22 May 2002)
- ⁷⁹ Joint statement (23 September 2002)
- ⁸⁰ For a detailed review of attacks during Israel's invasion in March 2002, see: *Medicine Under Attack* (April 4 2002), PHR-Israel
- ⁸¹ WCLAC (August 2001)
- ⁸² *ibid.*
- ⁸³ Qatamesh, 2001, p. 130
- ⁸⁴ *ibid.*
- ⁸⁵ DCI (22 May 2002)
- ⁸⁶ PCBS (May 2001)
- ⁸⁷ *ibid.*
- ⁸⁸ *ibid.*
- ⁸⁹ Israeli Military Order 92
- ⁹⁰ Israeli Military Order 158
- ⁹¹ PASSIA (July 2002), p. 6
- ⁹² *ibid.*
- ⁹³ Ha'aretz (July 31 1998)
- ⁹⁴ PHG (August – September 2001)
- ⁹⁵ *ibid.*
- ⁹⁶ Oxfam (July 24 2001)



Razing land for the Separation Wall
AIC



Separation Wall
AIC



Reuters/Popperfoto



Reuters/Popperfoto



Reuters/Popperfoto

Price £4

June 2003

This report was written by Mahmoud Hawari
Edited by Helen Hayward
Thanks to Louise Richards, Martin Hughes, Rob Cartridge
and Steve Tibbett for their comments and input.

Printed by Upstream Ltd 020 7207 1560

War on Want

War on Want is a UK-based campaigning charity. Founded in 1951 it has links to the labour movement and supports progressive, people-centred development projects around the world. War on Want campaigns in the UK against the causes of world poverty.

War on Want
Fenner Brockway House
37-39 Great Guildford Street
London SE1 0ES
Tel: + 44 (0)20 7620 1111 Fax: +44 (0)20 7261 9291
E-mail: mailroom@waronwant.org
www.waronwant.org



Company limited by guarantee reg No 629916. Charity No. 208724