



Office of the
Quartet

Report to the Ad Hoc Liaison Committee

27 October 2020

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Acronyms

A/KHB – Allenby/King Hussein Bridge	PA – Palestinian Authority
AfD – French Development Agency	PASF – Palestinian Authority Security Forces
AHLC – Ad Hoc Liaison Committee	PENRA – Palestinian Energy and Natural Resources Authority
AMAN – Transparency International Palestine Branch	PETL – Palestinian Electricity Transmission Company Ltd.
ARA – Access Restricted Area	PIEFZ – Palestinian Industrial Areas and Free Zones Authority
AW – Associated Works	PIF – Palestine Investment Fund
BOQs – Bill of Quantities	PMO – Palestinian Prime Minister’s Office
CMWU – Coastal Municipalities Water Utility	PPA – Power Purchase Agreement
CoGAT – Coordination of Government Activities in the Territories	PSI – Palestinian Standards Institute
CPA – Israeli Crossing Points Authority	PV – Photovoltaics
D2D – Door to Door	PWA – Palestinian Water Authority
DMA – District Metered Areas	PWM – Pre-paid Water Meters
EAIP – Electricity Agreement Implementation Plan	RSDS – Red Sea-Dead Sea Agreement
EIB – European Investment Bank	SCADA – Supervisory Control and Data Acquisition system
ESIA – Environmental and Social Impact Assessment	STLV – Short-Term Low-Volume Desalination Plant
EU – European Union	UNDP – United Nations Development Programme
EUR - Euro	UNICEF – United Nations Children’s Fund
G4G – Gas for Gaza (project)	UNRWA – United Nations Relief and Works Agency
GDP – Gross Domestic Product	USAID – United States Agency for International Development
GCDP & AW – Gaza Central Desalination Plant and Associated Works	USD – United State Dollars
GEDCO – Gaza Electricity Distribution Company	VAT – Value Added Tax (goods and services tax)
GoI – Government of Israel	WSRC – Water Sector Regulatory Council
GPP – Gaza Power Plant	WWTP – Wastewater Treatment Plant
GSPA – Gas Sales and Purchase Agreement	
ICRC – International Committee of the Red Cross	
IEC – Israel Electric Corporation	
IHJC – Interim High Judicial Council	
IsDB – Islamic Development Bank	
ITU – International Telecommunications Union	
JDECO – Jerusalem District Electricity Company	
JWC – Joint Water Committee	
JTC – Joint Technical Committee (telecoms)	
KAS – Karem Abu Salem / Kerem Shalom	
KfW- German State-Owned Development Bank	
l/c/d- Liter per capita per day	
MCM – Million cubic meters	
MoC – Israeli Ministry of Communications	
MoF – Ministry of Finance	
MTIT – Palestinian Ministry of Telecommunication and Information Technology	
MW – Megawatt	
NGEST—Northern Gaza Emergency Sewage Treatment	
O&M – Operation and Maintenance	
OQ – Office of the Quartet	

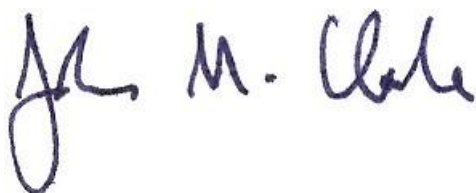
Foreword

This report to the *Ad Hoc* Liaison Committee (AHLC) is issued in the continued shadow of the COVID-19 pandemic and at a time of significant political change. While the AHLC meeting had been scheduled for 27 October, following consultation with the parties and members of the AHLC, a decision was taken to postpone that meeting, most likely until February 2021. Nevertheless, following consultation with Norway as Chair of the AHLC and in recognition of the need to maintain a much-needed focus on realising change on the ground, we have decided to issue this report.

The Office of the Quartet has continued to prioritise those areas of our work which either support the ‘frontline’ response to the COVID-19 pandemic or which can help to ameliorate its worst economic and social effects. We have also continued our focus on the medium to long-term objectives in the key sectors that are essential not only in mitigating and overcoming the effects of the pandemic but also in realising the much needed transformation in both Gaza and the West Bank.

As in the past, this report reviews progress achieved and areas where less progress has been realized than initially hoped, and includes recommendations for action by the parties and the international community. We will continue to work with all three in order to accelerate progress in the months and years ahead.

Yours,

A handwritten signature in blue ink, appearing to read "John N. Clarke". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dr. John N. Clarke

Head of Mission

Office of the Quartet

Executive Summary

This report focuses on identifying progress achieved since the Office of the Quartet's (OQ) Spring 2020 report to the *Ad Hoc* Liaison Committee (AHLC) and the critical next steps required in order to achieve the transformational change that is needed in both the West Bank and Gaza.

The reporting period witnessed a continuing health and economic crisis in the Palestinian territory caused by a renewed outbreak of COVID-19. In response to the potential Israeli annexation of parts of the West Bank, the Palestinian Authority (PA) suspended all civilian and security coordination with Israel, and decided to refuse to accept clearance revenues that are collected on its behalf by Israel. This exacerbated already deepening economic challenges. At the same time, the PA exercised major efforts to combat the pandemic, extending the state of emergency that was declared in March. Such developments have increased the complexity of the work the OQ seeks to support but have not prevented progress in a number of key areas.

There has been some progress in the **water** sector, notably in the continued construction and tendering of the Gaza Central Desalination Plant and Associated Works (GCDP & AW) and in the establishment and operation of key water and wastewater facilities in Gaza and the West Bank. There has also been some progress in advancing institutional reform and improving sectoral governance. Nevertheless, there continue to be challenges and delays in both Gaza and the West Bank, including to the GCDP & AW. The key challenges to progress remain securing funding from donors as well as obtaining approvals for key infrastructure and for entry of necessary materials that the Government of Israel (GoI) classifies as "dual use." Annex A of this report highlights the status of all projects in Gaza and the West Bank within the Palestinian Water Authority's Water and Wastewater Packages. The suspension of coordination between the PA and the GoI has delayed progress in a number of key areas, including bilateral (Palestinian-Israeli) water discussions and the Netherlands-facilitated Trilateral discussions. It also led to the postponement of the formal GCDP & AW Task Force, however the OQ has continued to engage bilaterally with the parties to move forward.

In the **energy** sector, the Gaza for Gaza (G4G) project continued to make progress, notably the detailed design and environmental and social impact assessment. Through the G4G Task Force, the OQ continues to work with all the relevant parties to advance the project. Recent financial Qatari and EU engagement with the project is encouraging and it is now critical that commercial arrangements for the purchase of gas be finalised. This support, combined with an accelerated schedule, could see gas supplied to Gaza by the end of 2022. In cooperation with the PA, the OQ also continued to support the development of solar photovoltaic (PV) energy, having undertaken pre-feasibility studies for five potential solar PV sites in Gaza. Based on this work, progress is continuing on the development of a solar site adjacent to the Khan Younis Wastewater Treatment Plant (WWTP) to support the plant's electricity requirements. To support progress on the remaining solar sites, the OQ has been working with the PA and the GoI to launch a feasibility study and to secure the necessary approvals. Imports of electricity continue to be important to both Gaza and the West Bank. In this regard, restoration and expansion of electricity supply from Egypt to Gaza and an agreement of the parties to resume the 161 kV initiative is important to ensure a diversity of supply of energy sources to Gaza, thus contributing to Palestinian energy security. In the West Bank, the recent energisation of two additional substations is a welcome development. In addition, imports from Jordan to the West Bank have increased from 26 MW to 40 MW and are expected to reach 80 MW shortly.

Following Joint Technical Committee (JTC) discussions on **telecom** in March 2020, the parties exchanged letters on the deployment of 4G and 5G spectrum within the Palestinian territory. However, there was no further engagement or progress on Palestinian deployment in the reporting

period. Meanwhile, progress was made in the Israeli telecom market with the conclusion of the 5G tender in August and a commercial launch of service by two out of the three Israeli operators at the end of September 2020. According to a study completed by the OQ in June 2020, there is sufficient spectrum to be allocated for exclusive Palestinian and Israeli use to meet the current and projected demand in the West Bank and Gaza over the next ten years. However, modifications to both the Palestinian and Israeli proposals need to be discussed to ensure the allocation of an adequate quantity and quality of spectrum to Palestinian companies. A timely agreement between the parties on the allocation of 4G and 5G frequencies for Palestinian operators is now of urgency prior to the completion of the Israeli 5G deployments.

There has been no notable progress in addressing outstanding **fiscal** files. The PA's decision – in response to the threat of annexation and deductions to clearance revenues – to stop accepting the monthly revenues from the GoI, combined with reduced tax generation, reduced PA monthly revenue by 80 per cent. Resuming acceptance of monthly clearance revenue transfers as well as any accumulated sums to date will go some way to addressing this crisis. However, progress on outstanding fiscal files related to the Ministry of Finance (MoF)-to-MoF dialogue remains critical. Most pressing are exempting PA fuel purchases from excise and other taxes; establishing a computerized VAT clearance system; finalizing the agreement on the transfer of customs authority to the PA; and waiving or at a minimum significantly reducing the 3 per cent handling fee.

In the **security** sector, the suspension of security cooperation limited the PA's ability to enforce COVID-related restrictions outside PA cities, particularly in rural areas, as well as its ability to monitor the flow of Palestinian labour crossing to and from Israel. It also hampered the PA's ability to enforce rule of law in much of the West Bank. Resumption of security coordination that enables PA Security Forces to provide effective law enforcement to communities residing outside Area A is strongly encouraged.

Economic growth and job creation in the Palestinian market requires the expansion and facilitation of **trade**, both locally and internationally. In this vein, and to improve the cost-effective movement of goods, the door-to-door (D2D) programme between the West Bank and Israel has continued to expand and efforts are now underway to create a similar programme for trade with and via Jordan. This has the potential to significantly increase the competitiveness of Palestinian products and with it the export potential to third markets. In addition, standards-related impediments to trade at Israeli ports continue to add avoidable costs for Palestinian businesses, reducing the competitiveness of Palestinian goods. The parties should continue work to build on the improved capacity of the Palestinian Standards Institute (PSI) to carry out inspections and testing. While the situation in Gaza remains dire and the restoration of private sector activity challenging, progress made in facilitating the export of processed foods from Gaza is an encouraging step that can be expanded upon. In addition, the project to upgrade the Karem Abu Salem/Karem Shalom (KAS) crossing is now almost fully-funded. The project will reduce costs for Palestinian businesses and improve the quality of perishable goods entering and exiting Gaza and is expected to commence before the end of 2020.

Introduction

1. This report provides updates in each of the OQ's areas of work: water, energy, telecom, governance and rule of law, movement and trade, as well as economic mapping (now in the process of being handed over to the Palestinian Authority (PA)). It covers the period up to October 2020.
2. The OQ's work is further outlined in its Strategy 2018-2020, which has benefited from consultation with the parties, Quartet members as well as the donors to the Office (the Netherlands, the United Kingdom, the European Union (EU), the United States of America, Canada, New Zealand and Japan). At the time of writing, the Office was in the process of completing its three-year strategy for 2021-2023.
3. Realizing progress on the ground now will benefit Palestinians and Israelis and has the potential to support, but never supplant, final status negotiations which aim to achieve a final status agreement. This report focuses on identifying progress achieved and the critical next steps required in order to achieve the short, medium and long-term objectives which, in combination, have the potential to result in the transformational change that is needed in both the West Bank and Gaza.

Water

4. Amidst the COVID-19 pandemic, the need for a fully-functioning water and wastewater sector has become increasingly acute, particularly considering how vital a clean and sufficient water supply is for ensuring public health. According to the Palestinian Water Authority (PWA), water demand increased by 12-16 per cent over the course of the pandemic, while the sector experienced fluctuations and shortages in water supply.¹ In March, the PA's advisory regarding COVID-19 and the ensuing resulting closure of crossings briefly suspended construction of key infrastructure and delayed completion dates of some projects, although works have since resumed.
5. Further, with the suspension of coordination between the PA and the GoI, the platforms for water sector discussions between the parties, including the Joint Water Committee and the Netherlands-facilitated Trilateral discussions, were also suspended. Approvals for material entry and construction in Area C as well as clearances for donation numbers to enable tax-exempt imports were also impacted.² The status of key efforts in the sector, particularly those within the PWA's Water and Wastewater Packages, are detailed in the remainder of this section and in Annex A of this report.

Gaza Central Desalination Plant and Associated Works (GCDP & AW)

6. The reporting period has seen slow progress in the implementation of the GCDP & AW programme, which will provide 55 million cubic meters (MCM) of potable water to Gaza by 2026. Discussions were held throughout this reporting period with the Islamic Development Bank (IsDB)

¹ For example, technical challenges were seen in a number of Mekorot connection points in the West Bank, leading to a temporary reduction in supply.

² The suspension of coordination delayed the process in approving required donation numbers which enable tax exemption of material imports. This is experienced by projects in both the West Bank (such as the Salfit WWTP) and in Gaza (GCDP Associated Works). Due to these exceptional circumstances an interim arrangement has relatively advanced, whereby contractors are procuring materials, wherever possible, from the local market. This requires contractors to seek tax exemption from the Palestinian Ministry of Finance and will be limited in nature considering that most of the needed materials are not available in the local market.

regarding the disbursement of funds for the programme. The target is to conclude the required arrangements to enable the finalization of financing agreements between IsDB and Arab Gulf Countries, and subsequently between IsDB and the European Investment Bank (EIB), for disbursement in early 2021. **Donors are encouraged to achieve this target of disbursing programme funds to enable further development in tendering and construction.**

7. Progress has continued on the construction and tendering of the GCDP & AW. Annex A of this report presents the status of each component of the programme. While construction of the first component of the AW achieved considerable progress, delays were experienced in material entry and in clearances of the required donation numbers (namely donation number 3)³ for tax-exempt imports. Approval of an additional list of 'dual-use' materials remains pending. **The GoI is encouraged to issue the remaining approvals for the entry of the programme's materials to enable completion of this infrastructure. Further, the PWA and relevant stakeholders are encouraged to continue advancing the tendering of the other AW packages and the desalination plant.**
8. The GCDP Task Force was set to meet on 5 June 2020; however, the meeting was postponed.⁴ Shortly after, PA-GoI coordination was suspended and the Task Force has yet to be rescheduled. In the interim, the OQ has provided monthly updates to Task Force stakeholders on the programme's progress as well as the status of outstanding issues and agreed action items. The meeting minutes from the 5 March 2020 Task Force meeting, agreed by the parties, are pending signature. **Approval for works in the sea, a critical next step, still awaits GoI written approval.**

Construction and operationalization of water and wastewater infrastructure in Gaza

9. Annex A of this report highlights the status, including progress achieved and outstanding issues, for the operationalization of the six major water and wastewater facilities in Gaza. Notably, the World Bank's contribution of 10 million USD and its multi-donor trust fund contribution of an additional 3.7 million USD (approved on 10 June 2020) to support the operation and maintenance (O&M) of the Northern Gaza Emergency Sewage Treatment Plant (NGEST) over the next four years is welcome. This includes parallel efforts to provide technical assistance and capacity building for relevant institutional stakeholders.⁵ **The PA is encouraged to advance measures to increase cost-recovery from households and clarify the roles and responsibilities of the Coastal Municipalities Water Utility (CMWU) in order to secure conditions for long-term and sustainable operations of NGEST and other facilities in Gaza.**
10. Operation of all six water and wastewater facilities requires both securing adequate funds to cover operating costs as well as effective governance structures to oversee sustainable operations.⁶ With the COVID-19 crisis, the PWA prioritized the operation of Short-Term Low Volume (STLV)

³ The request for donation number 3 approval was submitted by the PA in December 2019 and approval was granted in June 2020.

⁴ The Task Force for the Gaza Central Desalination Plant and Associated Works, includes the following permanent members: Palestinian Water Authority (PWA), Coordinator of Government Activities in the Territories (CoGAT), the World Bank, the European Union, and the OQ as Facilitator. The Task Force is the primary platform for advancing approvals for material entry and discussing challenges relevant to the Programme's implementation related to Access of materials and personnel.

⁵ The support will go towards financing O&M of the facility, rehabilitate some equipment and civil works, and strengthen sectoral institutions. Further information on the programme can be found [here](#). The multi-donor trust fund includes contributions from Denmark, Netherlands, Norway, France, Finland, Sweden, Croatia, Portugal, United Kingdom and Australia.

⁶ A detailed breakdown of O&M costs for water and wastewater facilities in Gaza can be found in Annex A of the OQ's April 2020 report to the AHLC.

facilities within its emergency response plan. The PWA included chemical materials, a core component for operations, in the items needed in Gaza's emergency funding request. In this regard, the Austrian Development Agency's contribution of 52,000 EUR on 11 August 2020 for chemical supply to the three STLVs is welcome. Furthermore, in September 2020, the International Committee of the Red Cross (ICRC) contributed 117,000 USD dollars to support the completion of automatic operation works for the Deir Al Balah STLV, which is a welcome development.⁷ The contract for operations of Khan Younis Wastewater Treatment Plant (WWTP) will finish by the end of October 2020. The handover from the contractor to the CMWU has not taken place as CMWU does not have the resources to employ the needed staff and to operate the facility. **Donors are encouraged to bridge the critical funding gap of around one million USD to enable STLV operation of 16 hours/day for six months and around 0.7 million USD to operationalize Khan Younis WWTP 24 hours/day for one year.**⁸

11. The PWA made progress over this reporting period on the operationalization plan for the six water and wastewater facilities in Gaza (adopted in January 2020).⁹ As one of the key interventions in the plan, the OQ, PWA and EU finalized a report on the feasibility of Pre-Paid Water Meters (PWM) in Gaza, detailed in Annex B of this report. The study highlighted key technical, governance, commercial, and socio-economic recommendations for advancing a PWM pilot for improving cost-recovery of water and wastewater services. Meanwhile, the PWA and the OQ have launched a broader study on the affordability and willingness to pay for water and wastewater services in Gaza, which is expected to conclude in early 2021. **The PWA and sector stakeholders are encouraged to proceed with the key interventions in the operationalization action plan for Gaza.**

Governance and institutional development

12. As one of the immediate governance measures included in the Gaza operationalization plan described above (which will also benefit the West Bank), the PWA submitted the draft tariff regulations to the PA Cabinet for review. Further, the PWA is in the process of submitting the regulation to the Cabinet on the establishment of regional water utilities and licensing. These are encouraging developments that further enable the sector's institutions to progress planned water sector reform. **The PA Cabinet and PWA are encouraged to advance endorsing these regulations by the end of this year.**
13. The PWA, in coordination with relevant stakeholders, is encouraged to continue making progress in building resiliency of service providers and improving the overall sustainability of the water sector, while advancing the work towards the establishment of the Regional Water Utilities and the National Water Company. The development of the Emergency Guidelines for Water and Sanitation for protecting public health through a holistic approach to protect service providers from waterborne diseases, especially during the COVID-19 pandemic, is a welcomed step. Furthermore, an incentive-based approach is currently being considered to improve the capacity and efficiency of service providers; through the implementation of Cabinet Decision No 28 (November 2019) relevant to the transfer of transportation and property taxes, service providers would be selected to employ the government's incentive for water bill payments and debt

⁷ 1.1 million USD is needed to enable operations of these facilities at full capacity based on 24/7 energization

⁸ With the completion of the ongoing interventions for improving water and wastewater services including the rehabilitation of the networks and increasing supply of water, gradually more areas across Gaza will start meeting the technical specifications recommended.

⁹ The plan was developed to enable proper and timely operationalization of these facilities and highlights the governance arrangements required to enable full operationalization over the immediate, medium, and long-term. It identifies key requirements including the need to secure immediate funds and the need to improve commercial and energization enablers to achieve full cost recovery by 2024.

repayment.¹⁰ This is an encouraging development. **Donors are therefore encouraged to support the PWA in these efforts which lay the groundwork for the future establishment of Regional Water Utilities.**

14. Finally, a Memorandum of Understanding between the PWA and the Water Sector Regulatory Council (WSRC) was signed in October 2020. The MoU defines the different cooperation modalities to achieve mutual objectives of improving the water sector, particularly in regards to enhancing the quality and efficiency of services provided to the citizen; this development is a welcomed step. Towards this end, the WSRC and the PWA made noteworthy progress in developing a benchmarking programme and pilot for service providers in the West Bank and Gaza.¹¹

Red Sea Dead Sea (RSDS) agreement

15. The RSDS agreement has seen no progress since April 2019 when the PWA agreed to propose new options for outstanding issues and the GoI agreed to develop a new draft agreement based on the issues bridged at the time. **The parties are encouraged to finalize a reliable agreement based on international best practice to enable the immediate supply of agreed quantities of water to the West Bank and Gaza.** Meanwhile, the design and construction of relevant works to supply the RSDS quantities has seen some progress:

- a. The contract for a consultant to begin the modified design of the Ramallah (Aboud) connection point, funded by the EU and the French Development Agency (Afd), was signed on 18 August 2020.¹² **Donors are encouraged to bridge the outstanding funding gap of 13 million EUR for the Jenin Connection Point which is being co-financed with a 10 million EUR contribution by Afd.**
- b. In Gaza, two of the AW packages will have the capacity to absorb the current water supply to Gaza from Mekorot as well as the additional quantities within the RSDS agreement.¹³ **Stakeholders are encouraged to advance construction of the Additional Water Supply Network Improvement Works (Middle and Khan Younis) and tendering of the Al Montar package.**

West Bank: Water and Wastewater Packages

16. Some progress has been achieved in the implementation of the PWA's Water and Wastewater Packages in the West Bank (2020-2025). These packages will enable an increase in domestic water supply of 67.1 MCM and will treat an additional 31.6 MCM of wastewater in the West Bank, part

¹⁰ In November 2019, the PA Cabinet issued a decision to transfer the full amount of property tax and transportation fees collected by the MoF to municipalities in exchange for commitments by municipalities to improve internal water-related accounting and management systems and timely water and energy bill payments.

¹¹ The objective of this programme is for service providers and water sector institutions to monitor performance based on key performance indicators and strategic targets to understand and address causes of any noteworthy differences in performance. Service providers can learn from each other as a means towards improvement, and water sector institutions and stakeholders can use outcomes to inform policy making, investments, and capacity building programs. The pilot programme focuses on key financial and economic efficiency indicators.

¹² Modifications built upon designs developed by USAID and based on suggestions by the PWA

¹³ These two packages include: the Kuwaiti-funded 'Additional Water Supply Network Improvement Works in Middle Area and Khan Younis' package as well as the EU-funded 'Additional Water Supply Network Improvements Works in North Gaza' package (Al Montar). These components will enable the supply of 10 MCM from the RSDS agreement and 10 MCM of additional quantities from Mekorot (5 MCM to each connection point) once the GoI provides approval for these additional quantities requested by the PWA.

of which will be available for reuse.¹⁴ The status of a series of water and wastewater infrastructure projects currently under construction or tendering are detailed in Annex A of this report. For most interventions in the packages, challenges continue to be seen in securing the required funding from donors and acquiring the needed approvals from the GoI. A comprehensive list of all of the interventions of the packages, including their status and the required approvals and funding, can be found in Annex C to the [OQ's September 2019 report to the AHLC](#). There remains a funding gap of approximately 461 million USD for the Water and Wastewater Packages in the West Bank. **Donors are encouraged to consider contributions to the implementation of this priority infrastructure.**

17. A virtual meeting of the Netherlands-facilitated Trilateral discussions was held on 3 May 2020. Following this meeting, these discussions were adjourned due to the suspension of coordination between the PA and the GoI.¹⁵ Despite the absence of coordination between the parties, some key projects can still advance if financial support can be secured. As noted in the March 2020 AHLC, five wells from the Water Package have already received approval from the Joint Water Committee and do not need additional approvals from the GoI. These wells would provide approximately 4 MCM of additional groundwater to the West Bank.¹⁶ **Donors are encouraged to consider contributing the 18 million USD needed to fund these five wells which would make an immediate and tangible difference for residents in the area. The GoI is encouraged to provide an in-principle approval for the totality of the Water Package.**
18. Limited progress was seen in advancing discussions on transboundary wastewater management over this reporting period. Between August 2017 and July 2019, deductions of 224 million NIS from tax revenues were collected by the GoI on behalf of the PA for the cost of wastewater treatment in Israel. **The parties are encouraged to implement the arrangements agreed during the JWC, the technical subcommittees and the Trilaterals discussions in early 2020, including agreeing on principles for management of transboundary wastewater flows as well as a mechanism and tariff for transboundary wastewater treatment.**¹⁷ Further, the GoI is encouraged to provide an in-principle approval of the wastewater infrastructure priorities included in the West Bank Wastewater Package, particularly those in the Transboundary Wastewater Cabinet decision, which would significantly reduce flows into transboundary streams.

¹⁴ The PWA's Water Package in the West Bank includes 28.1 MCM from additional groundwater development, 22 MCM from the RSDS Agreement, and 17 MCM of additional quantities from Mekorot. Wastewater projects will treat 11.2 MCM in the north, 9.4 MCM in the center, and 11 MCM in the south of the West Bank.

¹⁵ These investments include equipping the existing No. 17 well in East Bethlehem, drilling and equipping substitute wells in Bala'a, Anabta, Azzun in Tulkarem and Qalqilia, as well as drilling and equipping a new well in Janzur in Jenin (AfD is currently financing the completing the drilling and testing of the Janzur well). These 5 wells are part of the 30 groundwater wells that were prioritized for development between 2020-2025. In total, these wells would supply an additional 28.1 MCM of potable water in the West Bank. Information on these wells (along with the full water and wastewater packages) are included in Annex C of the OQ report to the AHLC in September 2020.

¹⁶ These investments include equipping the existing No. 17 well in East Bethlehem, drilling and equipping substitute wells in Bala'a, Anabta, Azzun in Tulkarem and Qalqilia, as well as drilling and equipping a new well in Janzur in Jenin (AfD is currently financing the completing the drilling and testing of the Janzur well). These 5 wells are part of the 30 groundwater wells that were prioritized for development between 2020-2025. In total, these wells would supply an additional 28.1 MCM of potable water in the West Bank. Information on these wells (along with the full water and wastewater packages) are included in Annex C of the OQ report to the AHLC in September 2020.

¹⁷ In the JWC discussions in February, the parties reached an in-principle agreement that the GoI will share details on the billing breakdown for transboundary wastewater treatment on a monthly basis. The parties also agreed to a series of follow-up meetings to discuss the estimated quantities, price calculations, and the installation of flow monitoring stations.

Energy

19. In the West Bank, electricity demand has grown to more than 930 MW.¹⁸ Ninety-five per cent of this supply is provided by imports from Israel, although contributions from Jordanian imports and renewables are growing. Recent upgrades to the Jordanian import lines have enabled imports to increase from 26 MW to 40 MW, with 80 MW of supply expected in the coming months.¹⁹ In addition, the West Bank continues to diversify its energy supply with over 200 MW of solar PV planned, for example, by the Palestinian Investment Fund (PIF).
20. Electricity demand in the West Bank is expected to increase by over 270 MW between now and 2030.²⁰ Meeting this demand will require continued investment in new generation, diversification of imports and improved financial sustainability of the sector. The planned Jenin Power Plant, new solar PV plants and increased electricity imports from Jordan and Israel will all help meet this growing demand.
21. In Gaza, demand routinely exceeds 500 MW while supply is approximately 180 MW. This results in an average electricity availability of ten hours per day. Gaza receives 120 MW of electricity from Israel²¹ while the Gaza Power Plant (GPP) generates approximately 60 MW using Qatari-funded diesel.²² The electricity generated from the GPP with Qatari-funded diesel has helped improve the situation in the short term but the provision of natural gas to the GPP through a gas pipeline (the Gas for Gaza or G4G project, discussed further in the next section) and implementation of associated infrastructure remains an essential component of a broader structural solution.²³
22. Several of the energy initiatives in this report contribute to reducing the Palestinian territory's carbon footprint by enabling decarbonization through lower carbon fuels and renewable resources. For example, a transition away from diesel to natural gas, which has a significantly lower carbon intensity, will be made possible through the G4G project.²⁴ This transition will reduce Palestinian carbon emissions by 6 per cent.²⁵ In addition, increased reliance on solar PV, including those initiatives described in this report, will assist in reducing the carbon intensity of Gaza's energy mix.

Gas for Gaza

23. Using natural gas to generate electricity at the GPP is the most cost-efficient and – given the scale – cleanest means of generation in the Gaza strip. The G4G project will enable the GPP to operate on natural gas rather than the diesel currently being used.²⁶ Recent milestones on the G4G project

¹⁸ PENRA, Sustainable Energy Policy in Palestine, ESCWA – Cairo, May 2017.

¹⁹ Long term, this connection has the potential to increase to 160 MW.

²⁰ World Bank, Securing Energy for Development in the West Bank and Gaza, June 2017.

²¹ Paid for through deductions to PA clearance revenues.

²² A Qatari-funded diesel storage day tank was recently commissioned to provide additional storage capacity. Capacity will be increased further with a 10 million litre tank being funded by the Norwegian government.

²³ And eventually the launch and implementation of additional bulk supply through the establishment of 161 kV line.

²⁴ Natural gas is intended as a transitional fuel, which although significantly greener than diesel-based electricity generation, should be eventually phased out to renewable energy sources in line with global trends to fight climate change.

²⁵ G4G will reduce carbon dioxide emissions by 280 thousand tonnes in its first year of operation. This equates to 6 per cent of Palestine's 2016 emissions of 4.6 million tonnes of carbon dioxide equivalent per the PCBS.

²⁶ The construction of a gas pipeline through the G4G project will allow for the transmission of gas from Israel to Gaza. The project will enable the conversion and operation of the GPP to natural gas, supporting affordable, reliable and sustainable electricity generation. The electricity supply will also provide energy for critical infrastructure in Gaza, such as the GCDP. The transition to natural gas will significantly reduce dependence on imported electricity while reducing carbon emissions.

include selecting the detailed design consultant²⁷ and receiving bids for the Environmental and Social Impact Assessment (ESIA) consultancy, both in Gaza. In addition, the procurement process for a capacity building gaps analysis in support of the PA is currently in progress and is being developed with the support of the EU and the Netherlands. Recent meetings of the G4G Task Force have focused on the progress of the detailed design in both Israel and Gaza, as well as on the ESIA in Gaza. The OQ commends the progress made by the PA on the G4G project, particularly on the detailed design and ESIA procurement processes in Gaza. The OQ also commends the GoI efforts on progressing the detailed design in Israel this year. In addition, the ongoing support from the Netherlands, the interest from the EU in funding pipeline infrastructure in Gaza, and the engagement of the Qatari government, all remain essential for the project.²⁸ The EU is currently preparing a draft action document for submission by the end of 2020 with a funding decision expected in the first half of 2021. In addition, the OQ welcomes the Qatari government's engagement to help finalize the commercial agreements with the relevant parties.

24. To maintain project progress and to have Gaza connected to natural gas by 2023, it is critical to have the key commercial agreements, specifically the gas sales purchase agreement (GSPA), signed. An accelerated schedule is being developed which could enable the G4G project to be online by Q4 2022. The GSPA is necessary for securing part of the financing for the construction phase. **The relevant parties are encouraged to reach an agreement on the commercial arrangements for the project with the necessary support from other stakeholders. In addition, the relevant parties are encouraged to ensure that the associated infrastructure (e.g. Gaza grid, GPP, relevant substations, etc.) is able to support the production and evacuation of 140 MW.**

2016 Electricity Agreement implementation

25. The OQ welcomes the interim Power Purchase Agreement (PPA) as a critical step toward the implementation of a comprehensive PPA. Implementation of the September 2016 Electricity Agreement remains pending due to delays with the signing of this comprehensive PPA between Palestinian Electricity Transmission Limited (PETL) and the Israel Electric Corporation (IEC). Signing of the comprehensive PPA will allow PETL to be the single buyer of electricity from the IEC, and transfer ownership, operation and maintenance of key electrical infrastructure (e.g. transmission lines, substations, feeders, etc.) in the West Bank to PETL.
26. The OQ welcomes the recent agreement signed on 8 July 2020 to settle outstanding electricity debts with IEC owed from before and after the signing of the 2016 Electricity Agreement. The agreement also revised the interest amounts and triggered the first of the 48 payment instalments which were originally intended to commence following the signing of the comprehensive PPA. The first payment was scheduled for August 2020.
27. Following the debt repayment of 918 million NIS from JDECO in January 2020, technical staff from the Palestinian Energy and Natural Resources Authority (PENRA) and PETL confirmed the operability of the three West Bank substations in Ramallah, Nablus and Tarqumia. The OQ welcomes the recent energisation of the Nablus substation and encourages the relevant parties to continue working toward the energisation of the remaining two substations in Ramallah and Tarqumia. The energisation of these substations will lower electricity costs while improving

²⁷ The detailed design in both Israel and Gaza was made possible following a request made at the Netherlands-facilitated Trilateral meetings for the Dutch Government to fund this critical milestone.

²⁸ These and other milestones will be discussed further at the next OQ Chaired G4G Task Force in Q3 2020. The G4G Task Force, established in 2015, is the official platform for the project.

electricity reliability in the West Bank. The OQ welcomes the efforts made by the PA and the GoI to energise these substations.

28. As noted in previous reports, the OQ has supported the PA in updating the Electricity Agreement Implementation Plan (EAIP). The update of the EAIP took account of recent sector developments and recommended donor interventions for the period 2019 to 2023. Full implementation of the Electricity Agreement remains contingent on signing of the comprehensive PPA and securing an estimated 19 million USD for infrastructure investments (i.e. substations and connection points) and capacity building. **Donors are encouraged to provide the funding required to advance the implementation of the Electricity Agreement.**

West Bank electricity imports from Jordan

29. Following the January 2020 agreement to improve electrical transmission infrastructure between Jordan and Jericho, import capacity was successfully increased to 80 MW. Imports have since increased from 26 MW to 40 MW. JDECO is currently working on the necessary upgrades in Jericho — expected to be complete in October — which will enable the line to operate at its capacity of 80 MW. Future upgrades to the infrastructure can enable imports to reach 160 MW. The OQ welcomes the recent progress on increasing imports from Jordan as it diversifies electricity imports, reduces the West Bank's dependence on IEC, and demonstrates ongoing cooperation with Jordan. **The parties are encouraged to continue working together to achieve the further upgrade of the line to 160 MW.**

Gaza electricity imports

30. There has been no progress on resuming electricity imports to Gaza from Egypt and no progress on increasing imports from Israel through a high voltage 161 kV line. Restoring Egyptian electricity imports would provide approximately 17 MW of electricity to Gaza, while rehabilitation of the lines would allow up to 27-30 MW of supply. A 161 kV line could supply 140 MW from Israel to Gaza. Such a line could reduce energy costs through a lower bulk tariff and lower system losses compared to the existing medium voltage supply from Israel. **The relevant parties are encouraged to work together to restore the electricity supply from Egypt to Gaza and to work together on the 161 kV line from Israel to Gaza to establish project costs, timelines, commercial arrangements, and technical requirements as soon as possible.**

Solar PV in Gaza and the West Bank

31. The provision of solar PV has the potential to supplement large baseload electricity supply sources in a manner that will enhance the overall sustainability of the energy sector. The PA, with support from the OQ, is investigating the potential for utility-scale solar PV opportunities in Gaza and has undertaken pre-feasibility studies at five separate locations. In addition to pursuing solar developments in Gaza, there is strong potential for the development of solar PV in the West Bank.
32. In November, the OQ will commission a full feasibility study, grid impact assessment and land assessment for one of the five initial solar PV locations in Gaza. The site, located near the town of Khuza'a and within the Access Restricted Area (ARA or buffer zone), is being developed with the PA and with the support of the GoI. The project offers the potential to increase Gaza's electricity supply by up to 8 MW. This will help reduce Gaza's electricity deficit while also increasing the amount of energy generated within the strip.
33. Solar PV opportunities in the West Bank have the potential to improve energy independence, improve energy diversification, reduce average electricity costs and reduce net-lending by

substituting more costly IEC imports with cheaper solar PV production. To help realize this opportunity, the OQ is completing initial assessments on potential solar PV sites in the West Bank to identify opportunities for more detailed evaluations. **Donors are encouraged to support further development of solar PV in the West Bank through additional funding support. In addition, the donor community is encouraged to support greater involvement from private solar developers and individual power producers to help build a competitive marketplace for solar PV in the Palestinian territory.**

Gaza grid development

34. Power grid upgrades in Gaza are essential to increase electricity delivery. The World Bank, in conjunction with PENRA, presented the Gaza Electricity Masterplan (2017-2035) in December 2019. The plan outlined a vision to 2035 with proposed upgrades to electricity generation, transmission and distribution in Gaza. The plan considers increased power imports from high voltage connections with Egypt (220 kV) and Israel (161 kV) as well as increased electricity supply enabled by G4G and solar PV production within Gaza. Specific recommendations include the construction of a new high-voltage grid backbone and new substations. These upgrades will reduce technical losses, improve power distribution and support increased renewable capacity.²⁹ The OQ will continue to support the PA and other stakeholders working to upgrade the grid in Gaza.

Cost recovery

35. Bulk electricity supplies will improve the financial viability of the energy sector by significantly reducing the average electricity cost. Once implemented, the G4G project, for example, will provide the lowest cost bulk electricity supply by facilitating domestic generation from the GPP. Considering that this bulk supply will meet the majority of Gaza's electricity needs, it will significantly improve cost recovery. Solar PV, medium voltage imports and high voltage imports through the proposed 161 kV line can also help support cost recovery, particularly when considering that costly and polluting diesel generators are still used widely in Gaza. Further, the energization of the substations in the West Bank is now allowing electricity to be purchased from Israel at high voltage bulk rates, thereby improving the overall financial situation of the Palestinian electricity sector.
36. To support the economic sustainability of the projects described in this report, the OQ continues to engage with the relevant parties to support improved cost recovery. This includes supporting the EU-led efforts for the audit of GEDCO to encourage a more financially sustainable energy sector in Gaza. **The relevant parties are encouraged to support improving transparency in the sector, including supporting PENRA with the EU-led audit of GEDCO and any follow up actions.**

Gaza Marine

37. Developing the Gaza Marine gas field would significantly boost Palestinian energy independence and would generate revenues of 2.5 billion USD over its 25-year lifespan. **The relevant parties are encouraged to advance the development of Gaza Marine as soon as possible.**

²⁹ Part of this increase would be offset by a reduction in supply through the existing medium voltage lines, resulting in an estimated net increase of 100 MW to Gaza.

Telecom

38. The demand for mobile broadband in the West Bank and Gaza continues to grow significantly, while the Palestinian mobile industry still falls behind other countries, including neighbouring ones, in terms of advanced technological offerings to meet that demand due to political limitations. The Palestinian territory was among the last places in the Middle East to launch 3G, and mobile data is still not available in Gaza.
39. A timely upgrade of Palestinian mobile communications is essential to meet demand as well as to generate benefits to the wider economy in terms of job creation and productivity gains driven by enabled automation of businesses in other sectors, ultimately leading to an increase in Gross Domestic Product (GDP). Furthermore, this growth in GDP will be further enhanced by limiting the unauthorized Israeli competition in the Palestinian market (estimated at 20 per cent³⁰) and hence the lost opportunities for the Palestinian operators and government.
40. In April 2020, the Palestinian Ministry of Telecom and Information Technology (MTIT) sent two requests to the Gol to address the increased demand for mobile and fixed broadband during the COVID-19 pandemic. The first request was for the allocation of additional frequencies on the 2,100MHz band to support the increased demand for 3G-enabled mobile data; it was rejected on the basis that the band was fully utilized. Meanwhile, key elements from the November 2015 agreement remain outstanding.³¹ **The parties are encouraged to conclude the needed arrangements to finalize the implementation of the 3G agreement in the West Bank.** The second request was to release the withheld equipment in Israeli ports that was imported in 2016 and 2018 to expand the broadband capacity of the backbone network that supports fixed and mobile data services. No response to this request was forthcoming. **The Gol is encouraged to release the withheld equipment to enable Palestinian providers to cope with the increased demand.**
41. With the existing and projected increase in demand for mobile data, the need for 4G and 5G spectrum has become more urgent. During the reporting period – and building on the discussions of the Joint Technical Committee (JTC) – the Israeli Ministry of Communications (MoC) communicated in writing its proposal of spectrum for the Palestinian deployment of 4G and 5G technologies. MTIT responded with a letter reiterating its request of spectrum that was made in October 2019 and requesting a JTC meeting. Communications pending an MoC response were further constrained following the PA suspension of coordination with the Gol. On 11 August 2020, MTIT requested the International Telecommunications Union’s (ITU) intervention to speed up the allocation of the adequate 4G and 5G frequencies by requesting that the Gol abide by all relevant resolutions, particularly Resolution-12 of the World Radio Conference from November 2019.³²
42. An agreement between the parties for the allocation of adequate 4G and 5G spectrum to the Palestinians is urgently needed considering the conclusion of the 5G tender in Israel on 12 August 2020. Three groups of Israeli mobile operators won the bid for 5G and will be allocated all the tendered 5G spectrum. Two of the bidders announced the completion of the first phase of network deployment and accordingly launched commercial operations in September, while the last bidder announced that it will finalize deployments and launch before the end of the year. Furthermore, the MoC announced in early October 2020 their intention to tender additional

³⁰ According to the World Bank AHLC report, June 2020.

³¹ Key outstanding elements of the November 2015 agreement, which enabled 3G operations in the West Bank, include granting Palestinian operators’ passive access to their core equipment (currently managed by an Israeli company).

³² Details on Resolution 12 of the WRC-19 are provided in the OQ March 2020 report to the AHLC.

frequencies to support 5G operations.³³ As per the recommendations of a study undertaken by an international expert firm for the OQ (funded by the Netherlands), allocating the 5G-tendered spectrum to Israeli operators without saving spectrum for Palestinian use risks impeding the development of the Palestinian telecom market, particularly as the tendered spectrum includes most of the adequate spectrum recommended by the ITU for the region to enable the development of 4G and 5G networks.³⁴ **The Gol is encouraged to urgently allocate the needed spectrum for Palestinian 4G and 5G deployments prior to completion of 5G deployments in Israel and consistent with international best practice, the relevant ITU resolutions and Article 36 of Annex III of the Interim Agreement.**

43. According to the OQ study, the Palestinian territory will need an estimated 550MHz on popular bands³⁵ in the next ten years to deploy economically feasible 4G and 5G technologies in the West Bank and Gaza. However, the parties could start working to secure a minimum spectrum of 335MHz to meet initial Palestinian demand.³⁶ According to the spectrum analysis undertaken in the study, there is sufficient spectrum to be allocated for Palestinian and Israeli use, each on an exclusive basis, to meet the current and projected demand of users in the West Bank and Gaza over the next ten years. For the West Bank, the study further found that there is potential for at least 300MHz to be made available for Palestinian use as Israeli settlements³⁷ only require 205MHz to meet their highest demand projections.³⁸ For Gaza, the study recommends that 3G not be deployed as it would be insufficient to meet high demand and an infeasible investment.³⁹
44. An adequate spectrum is critical to deploy networks that meet demand in terms of coverage and capacity. According to the OQ study, both the Palestinian request and the Israeli proposal require modifications to meet the Palestinian demand for mobile broadband. The proposal on spectrum made by the Israelis in March 2020 barely meets one-fifth of the Palestinian spectrum requirements for both technologies for the 2020-2030 period and also lacks spectrum on the 700MHz band which is essential to deploy 5G technology. The Palestinian request for spectrum sets out an acceptable total quantity of spectrum but still does not have the right spectrum quality to meet Palestinian coverage and capacity needs.

³³ Frequencies include portions on the 800MHz and the 2100MHz. Noting that those on the 2100MHz are the bandwidths shared with the Palestinian mobile operators; which were utilized by Golan telecom before the company returned them to the MoC in August 2019.

³⁴ In 2020, the OQ worked with an international expert firm to undertake an "Analysis for the Deployment of advanced mobile broadband technologies in the West Bank and Gaza" to identify mobile broadband spectrum and infrastructure requirements with considerations to political challenges, in order to meet the estimated high demand for faster and higher capacity services.

³⁵ Bands that are identified to deploy certain technologies based on the ITU recommendations and pronouncements from WRC19. Such bands are mostly harmonized at a global/ regional level resulting in a wider availability of equipment from suppliers and ability to exploit the benefits from economies of scale, thus enabling mobile operators to provide services at an affordable rate. i.e. 800, 900, 1,800, 2,100 and 2,600MHz bands are most popular for 4G, 700 and 3,500MHz bands for 5G, and 2,100MHz for 3G.

³⁶ Deployment of networks with the minimum spectrum will not be easy and more expensive for the operators as it would require additional network investment.

³⁷ Israel was allowed to provide telecom services to settlement in the interim period as per article 36 of Annex III of the Interim Agreement.

³⁸ Israeli operators have access to 538MHz for utilization in settlements (currently utilized and recently allocated as a result of the conclusion of the newly tendered spectrum), while to meet the needs of the settlements in the West Bank, only 205MHz is needed as found in the study.

³⁹ 3G is not feasible considering that it's a declining technology worldwide, and locally not feasible as it is only deployed on the 2,100MHz which is fully utilized by Palestinian and Israeli operators. While 4G is supported by multi-bands some of which are currently available.

45. Considering the outcomes of the OQ study, **both parties are encouraged to revise their proposals in a manner that enables a commercially viable Palestinian telecom sector.**

Governance and Rule of Law

Justice sector

46. As seen in numerous countries around the world, the emergence of COVID-19 carried with it potential threats to governance and the rule of law. While the PA declared a state of emergency in response to the COVID-19 pandemic, to its credit individual rights and liberties were, to a large extent, upheld during this period. However, an incident involving the arrest of approximately 24 activists protesting against corruption was recorded. While the protesters were released on bail, the incident was the focus of criticism from various Palestinian human rights organizations.
47. Over the reporting period, the Palestinian Anti-Corruption Commission expanded its efforts with a noted increase in the number of corruption cases referred for prosecution, and independent analysis by AMAN (Transparency International Palestine branch) indicated that there has been good progress in recent years in fighting corruption. Greater engagement with the public, media and civil society is needed and will help ensure greater transparency in the measures taken.
48. Plans to hold Parliamentary elections followed by PA Presidential elections remain a key priority and a necessity despite ongoing political, economic and health challenges. The OQ welcomes the 24 September announcement of a Fatah-Hamas agreement on elections. **The PA is strongly encouraged to move forward with elections, and the GoI is encouraged to facilitate such elections in keeping with prior agreements.**
49. In July 2019, the PA established an Interim High Judicial Council (IHJC) with a 12 to 18-month mandate to reform the justice sector, focusing on three key elements: court efficiency, accountability of judges and a holistic review of legislation governing the justice sector. Following the expiry of the first 12-month term, the President renewed its mandate for an additional six months starting from July 2020. Due in part to challenges caused by COVID-19, including the need to focus its attention on guaranteeing basic judicial functions amidst movement restrictions and lockdowns, the IHJC has been unable to achieve its key objectives and reforms. The IHJC has also made certain controversial decisions, such as the secondment of 20 judges to non-judicial work. Nonetheless, under the emergency plan adopted by the IHJC to ensure the continuity of operations of the court system during the lockdown period, the court system has maintained its key functions and operations and continued to ensure basic rights, including the rights of suspects and detainees. **The IHJC is encouraged to pursue a comprehensive reform process while adhering to international best practice and to existing laws and regulations pending their amendment. The PA is also encouraged to continue to provide its support and backing to the justice reform initiative, with the Ministry of Justice guiding the resulting legislative amendment through a transparent process that ensures robust public consultation.**

Fiscal update

50. The PA's suspension of civil and security cooperation with Israel, announced in response to the threat of Israeli annexation of parts of the West Bank, has led to the most serious fiscal and economic crisis for the PA in many years. Its decision to stop accepting the monthly clearance revenues from the GoI, combined with reduced local tax generation, reduced PA monthly revenue by 80 per cent, leaving it unable to meet its financial obligations, including payment of government

salaries in full, which were capped at up to 50 per cent. It has also placed more pressure on the banking system through increased public borrowing. In June 2020, the Palestinian Monetary Authority approved an additional loan from Palestinian banks to the PA worth 1.4 billion NIS, increasing the total PA debt to Palestinian banks to approximately 2 billion USD. An 800 million NIS Gol loan, to be provided as an advance on clearance revenue to offset the COVID-19-related decline in tax revenue, did not proceed due to the suspension of coordination. Maintaining the fiscal sustainability of the PA at this critical time is of central importance; to achieve that, and avoid irreparable damage to the Palestinian economy, a two-fold approach is required.

51. First, immediate needs should be met by resuming acceptance of monthly clearance revenue transfers, as well as any accumulated sums to date. In addition, the 800 million NIS loan should proceed. These steps will enable the PA to maintain its fiscal stability, meet its short-term financial obligations, and fund its efforts to combat the spread of COVID-19.
52. Second, dialogue should resume on finalizing several fiscal files which have the potential to provide much needed revenue for the PA. These include:
 - a. **Transfer deductions made by the Gol from Palestinian labor salaries and provide greater transparency and improved information-sharing regarding their collection and calculation.** It is imperative that deductions that are supposed to be conveyed by the Gol including, *inter alia*, equalization levies, health stamps, sick day leave, and workers disability funds, are transferred in a timely and consistent manner as stipulated in signed agreements.
 - b. **Waive or at a minimum significantly reduce the 3 per cent handling fee.** As it makes up almost 220 million NIS annually, waiving or significantly reducing the handling fee will result in additional financial resources to the PA and improve its ability to mitigate the impact of the pandemic.
 - c. **Allow the PA to purchase fuel without 'blo' tax.** Exempting PA fuel purchases from excise tax will help maintain the financial liquidity of the PA. It will also reduce the funds included in the monthly clearance process, and thus subject to the handling fee, by nearly 35 per cent. This adjustment was discussed at length between the parties, but ultimately was applied on a one-off basis to a single transfer of revenue in 2019.
 - d. **Transfer of customs authority and establishment of Palestinian bonded warehouses for the storage of goods.** The statement by the Gol in the September 2019 AHLC meeting to commit to advancing this file was welcome, as was the subsequent renewal of discussion between the parties during January and February. However, since the May 2020 suspension of cooperation, there have been no further discussions between the parties and no progress has been made to advance the transfer. It is imperative that the parties resolve outstanding issues and conclude a sustainable agreement that sees the PA assume new functions in the sphere of customs clearance.
 - e. **Establish a computerized VAT clearance system and permanently resolve VAT accrued on goods imported to Gaza.** The parties are encouraged to replace the current paper-based VAT clearance mechanism with a computerized mechanism, as stipulated in the Paris Protocol, which has the potential to reduce the fiscal leakages sustained by the PA. Until this happens, the parties are encouraged to agree on a mechanism that allows the PA to collect VAT on goods moving through the Gaza crossings with Israel. This adjustment could provide approximately 83 million NIS in additional revenues to the PA per annum. The parties also are encouraged to expand the number of participants in the large traders programme, which

could lead to significant improvements in the collection of VAT whilst enabling improved detection of fraud and tax evasion by both parties.

- f. **Financial auditing on invoices:** In order to enable greater transparency and engagement on financial set-offs and deductions made by the GoI from clearance revenues (including, *inter alia*, energy, water and health costs), the parties are encouraged to agree on establishing an audit mechanism that allows the verification of units consumed, enables the routine exchange of data and provides for the verification of billing accuracy.

Customs transfer and bonded warehouses

53. During the reporting period, progress was made towards upgrading the current PA legal framework on customs with the finalization of a first draft of proposed legal amendments to the 1962 Customs Law. The PA Ministry of Finance is working to produce these legal amendments which, once ratified, will enhance the PA's ability to assume responsibility for the newly-transferred customs functions. These amendments were produced by a committee of technical and legal experts that was established at the PA Ministry of Finance to develop policy guidance on future customs regulation and to advise on legal amendments and/or new laws to address gaps or shortcomings in the existing framework.
54. In parallel to the work on the legal framework, a study on bonded warehouses was developed to explore various international models and best practices and to propose options for consideration. These options included the establishment of multiple bonded warehouses at various locations throughout the West Bank to store high-value customs goods, vehicles and consumer packaged goods. The study was prepared following extensive meetings with stakeholders active in the sector including PIF, the Palestinian Industrial Areas and Free Zones Authority (PIEFZA), the Palestinian Shippers Council and PA Customs.

Paris Protocol

55. The Paris Protocol has been the governing trade regime between the parties for over 25 years. Despite the fact that it was originally designed as a five-year interim arrangement, it continues to govern trade relations and economic and taxation policies. The Protocol not only impacts the performance of the Palestinian economy but also determines the main sources of PA fiscal revenue. During the reporting period, the OQ has continued its examination of the key elements in the Protocol that need updating or better implementation to improve the PA's fiscal position. To help the PA achieve long-term financial sustainability, improvements in the Protocol and in its implementation are necessary to reflect the changing realities on the ground, particularly those that have been discussed between the Palestinian and Israeli Ministers of Finance at length.

Security Sector

56. While the level of cooperation between the parties increased in the first half of 2020 to combat the spread of COVID-19, the second half of the year saw security cooperation suspended by the PA in response to possible Israeli annexation of parts of the West Bank. This has had major consequences on the ability of the PA to control the pandemic, severely constraining both its ability to enforce COVID-related restrictions outside PA cities, and particularly in rural areas, and its ability to monitor the flow of Palestinian labour crossing to and from Israel. More broadly, it has hampered the PA's ability to enforce the law in much of the West Bank. Due to the lack of security coordination, the PA Security Forces (PASF) were unable to reach several family disputes, mainly outside Area A, which occurred during the reporting period. Attempts to access some rural

areas without coordination failed. These incidents highlight the need to ensure the delivery of security and safety in these underserved areas through an agreed coordination mechanism. **The PA is encouraged to resume security coordination and the Gol is urged to enable the PASF to provide effective law enforcement to communities residing outside Area A.**

57. To facilitate implementation of the PA Security Sector Strategic Plan for 2017-22, the OQ provided expertise to support joint operations and cooperation among PA security forces. A draft legislative policy paper was developed on regulating the Joint National Command and Control Center and was discussed over the course of several workshops. **The PA is encouraged to endorse a sound legal framework as an important first step towards institutionalizing the Joint National Command and Control Center.**
58. Efforts were expanded to assist in the design and deployment of operational portals for the security forces. With financial support from the British Security Team and technical assistance from the OQ, a COVID-19 portal was developed that integrates information, GIS maps and resources related to the pandemic response throughout the Palestinian territory. Work is continuing to develop the portal to support the enforcement of health measures and increase public awareness.

Movement and Trade

59. The reporting period was characterised by the severe economic impacts of the COVID-19 pandemic, including significant impacts on the demand for Palestinian labour and products in Israel. While an SME Fund⁴⁰ was established to assist small and medium enterprises, international funding in this area was limited. However, the early facilitation of Palestinians resuming work in Israel went some way to restoring remittances. In addition, PA efforts to facilitate the re-operationalization of industrial plants was key to the early resumption of local production, especially for products sold to the Israeli market. While movement for travellers across Allenby/King Hussein Bridge (A/KHB) is still on hold (with limited exceptions), Palestinian trade with and via Jordan was restored early on and has proven to be valuable in offsetting delays faced at other Israeli ports.
60. The suspension of security and civil coordination between the PA and Israel has had a considerable impact on Palestinian imports as some 30 per cent of commodities and products (by value) require some level of coordination. While the Palestinian private sector has proven innovative in identifying mitigating measures (including the use of commercial intermediaries), it remains critical that the parties adopt processes that allow for more transparent and predictable trade relations, in order to protect the private sector from ad hoc changes.
61. This economically challenging period highlights the importance of encouraging more domestically-driven growth, in particular through support to Palestinian industry that supplies the local market and exports to regional countries. This will generate more durable jobs and balance dependency on employment in Israel. The door-to-door (D2D) programme continues to prove beneficial in this regard as improving the cost effectiveness of Palestinian imports and exports is key to improving the competitiveness of Palestinian suppliers and producers, in particular with regards to access to raw material for the industrial sector. A direct transfer process, akin to the D2D programme, continues to be examined with the private sector to support improved cost-efficiency for trade

⁴⁰ Comprised of a 210 million USD contribution from the PMA and a 90 million USD contribution from the PA.

across A/KHB. Addressing standards-related import impediments and delays will also serve to reduce trade costs significantly.

D2D and trade facilitation

62. At the beginning of the COVID-19 pandemic, the Israeli Crossing Points Authority (CPA) halted the D2D process as a containment measure to help prevent the spread of the coronavirus, and thus no shipments were facilitated during 12-23 March 2020. This decision was reversed, however, as the efficiency of the D2D process proved particularly relevant with reduced human resources available at the crossings. A decline in the overall volume of D2D shipments was registered due to the PA-applied lockdown measures and the resulting decline in economic activities in the West Bank, including in production output. However, from July 2020 a sharp increase in D2D utilization was recorded and more recently the 1000-shipment/month mark was exceeded for the first time since the programme's inception. **The Gol is encouraged to consider the growing volumes processed using D2D in planning the expansion of the relevant commercial crossings. The Gol is also encouraged to include Palestinian drivers as well as Palestinian plated trucks in the delivery chain.**

Trade facilitation with Jordan

63. The economic benefit from a more efficient import and export process at A/KHB is increasingly important, in particular for the Palestinian industrial sector which is dependent in large part on raw materials such as plastics imported via Jordan. The OQ has continued to examine the workings of a D2D-type procedure at A/KHB with various stakeholders, including current importers and exporters utilizing the crossing. Furthermore, PA-produced import data has been examined and a thorough analysis of imported commodities from and via Jordan had been conducted utilizing the Harmonized System code and tariff standard. The analysis has helped identify the specific types and volumes of raw materials imported through A/KHB and will feed into a larger examination of potential savings using a direct transfer process. **The parties, in particular the Gol, are encouraged to establish technical engagement to increase trade with and via Jordan.**

Standards-related trade impediments and costs

64. The expansion of trade remains essential for the growth of Palestinian companies. Addressing cost increases and time delays incurred during the import process at Israeli gateways arising from standards-related issues continues to be highlighted as a private sector priority. The assumption of 'standards'-related functions by the Palestinian Standards Institute (PSI) is expected to help expedite the execution of the necessary inspection and testing functions, reduce costs as well as possibly allow for a more private sector-driven process. The OQ will continue to engage the parties on the gradual assumption of standards-related functions by the PSI. **The parties are encouraged to resume efforts on this economically-significant matter.**

Sustainable economic development in Gaza

Karm Abu Salem Upgrade project

65. The first phase of the Karm Abu Salem Upgrade project, centred on the establishment of a shaded area to reduce damage to perishable goods by an estimated 60 per cent, is making progress, thanks in large part to a contribution from the Netherlands. The project is expected to commence as early as October 2020. The OQ will continue to support the implementation of the project with the relevant parties and will begin investigating the second phase of the upgrade project: the establishment of a built-in refrigerated area which can reduce losses even further and help

maintain higher product quality. These efforts are expected to help incentivize more Gazan exports of perishable goods.

Establishment of a commercial crossing at Erez

66. Recent engagements have highlighted the potential savings and significance of establishing a second commercial crossing point in northern Gaza. Building on understandings reached at the Netherlands-facilitated Trilateral meetings, **the parties are requested to provide relevant data to inform an assessment of demand for and optimal utilisation of a second commercial crossing.**

Restoring Gazan food sector exports

67. Building on the successful export of a pilot shipment of Gazan-processed foods to the Netherlands, the parties' Ministries of Health were due to agree on the adoption of a recall mechanism, enabling a safe and reliable process for Gazan products to reach the West Bank market and potentially leading to a wider array of producers in Gaza. Due to current circumstances, the technical discussions have yet to be held and the process is currently stalled. While not a replacement for a structured recall mechanism, the OQ welcomes steps taken by the GoI to facilitate the entry of ISO-certified processed foods to the West Bank based on a PA Ministry of Health-issued certification of compliance with international standards. **The PA is encouraged to expedite the issuance of the Ministry of Health certification of compliance to facilitate the transfer of the approved ISO-certified products from Gaza to the West Bank.** The OQ will continue engagement with relevant stakeholders to expand the participants benefiting from this effort.

Economic Mapping

68. The OQ supports the PA's capacity to acquire and analyse reliable data as a tool to support effective planning and policy making. This work has involved mobilizing relevant actors to establish reliable data systems, establishing a proper legal framework for data collection responsibilities, creating interoperable systems to promote data sharing across line ministries, and having clear verification and validation mechanisms to determine data accuracy.
69. During the reporting period, the OQ handed over the established data systems to the PA Prime Minister's Office (PMO). This handover process is due to be completed by the end of October 2020, after which the PMO will take ownership of and ongoing responsibility for the established data systems.

Annex A: Status of ongoing water and wastewater infrastructure projects in the West Bank and Gaza

Over this reporting period, some key water and wastewater facilities in both the West Bank and Gaza saw noteworthy progress, while others faced key challenges. This annex presents the key developments over this period for ongoing infrastructure projects (which are either in the procurement, construction, or operations stage) from the PWA’s Water and Wastewater Packages. A comprehensive list of the package and the status of each intervention, including those that have yet to secure the required funding and/or approvals to begin procurement and construction, can be found in [Annex C of the OQ’s September 2019 Report to the AHLC](#).

Gaza Central Desalination Plant and Associated Works

Component	Key developments (1 April 2020 – 11 September 2020)
Gaza Central Desalination Plant (Lot 1)	<ul style="list-style-type: none"> The Invitation for Competitive Dialogue Process, in which four bidders were invited to submit proposals, was released on 24 June 2020 with a deadline of 19 October 2020. It is expected that two bidders will be selected in Q1 2021 to develop a detailed design for this infrastructure as part of the <i>Alliance Approach</i> for tendering.⁴¹
The Additional Water Supply Network Improvement Works - Middle + Khan Younis ⁴² (Kuwaiti)	<ul style="list-style-type: none"> Construction is ongoing, although delays in material entry has postponed the completion date until March 2021 Most of the needed materials received approvals, including critical chemical materials which experienced significant delays. Approval of an additional list of ‘dual-use’ materials remains pending. The cessation of PA-Gol coordination has delayed the process for communicating the required donation numbers to enable tax exemption of material imports.⁴³
Southern Main Carrier (Kuwait)	<ul style="list-style-type: none"> Due to tendering challenges, the contract has been divided into two contracts, and tender documents are being finalized. Tendering is expected to begin in Q4 2020
Reconfiguration in Gaza and Northern Governorates and Al Montar system	<ul style="list-style-type: none"> PWA is finalizing the financing arrangements with KfW and the EU to enable launching the procurement process. The timeline for finalization is yet to be defined
Reconfiguration in Middle and South (World Bank)	<ul style="list-style-type: none"> Designs and tender documents are ready and the selection of a contractor expected by Q1 2021

⁴¹ The *Alliance Approach* for tendering would enable two short-listed candidates to submit bid offers inclusive of detailed designs and Bill of Quantities (BOQs). This approach envisions a consultative process with the relevant authorities in the Government of Israel (Gol) in order to ensure that at the conclusion of the procurement process, the selected contractor will be able to acquire the approvals required from the Gol.

⁴² The package will enable the supply of an additional 5 MCM of potable water. The total capacity of the connection point that is currently under construction is 15 MCM, which will enable the absorption of the existing 5 MCM of supply from Mekorot and 5 MCM of Red Sea Dead Sea (RSDS) quantities. It will also enable the supply of additional quantities (5 MCM) from Mekorot, if the PWA’s request for additional quantities is approved by the Gol.

⁴³ A donation number is required for customs and tax exemptions for materials imported to Ports. This donation number needs to be communicated to the Gol’s Tax Authority in order to release materials and equipment from the port, once imported.

Water and Wastewater Facilities in Gaza

Component	Key developments (1 April 2020 – 11 September 2020)
Northern Gaza Emergency Sewage Treatment Plant	<ul style="list-style-type: none"> Proposals are expected to be received by 15 October 2020 for a 7.5 MW renewable energy system, funded by IrishAid through AfD In June 2020, a contractor was selected to implement the first phase of the facility's reuse scheme, funded by the Green Climate Fund through AfD The World Bank contributed 10 million USD and its multi-donor trust fund contributed an additional 3.7 million USD on 10 June 2020 to support the O&M of NGEST over the next four years
Gaza and Middle Area WWTP	<ul style="list-style-type: none"> Commissioning was delayed due to travel restrictions for the international expert amidst the COVID-19 crisis. The CMWU and contractor agreed to utilize local expertise and pre-commissioning launched on 15 August. Commissioning began on 15 September and is expected to conclude in October 2020.
Khan Younis WWTP	<ul style="list-style-type: none"> The sewage pumping station was repaired, increasing the flow of sewage to the facility, with support from UNDP and IsDB. The facility continues to operate only at half of its capacity due to the limited household connections in the area. IsDB made a verbal commitment to reallocate part of the remaining funds from their contribution to the facility's construction in order to expand the network in the area. The one-year contract covering O&M of the facility ends in October 2020. Approximately 0.7 million USD is required to cover the O&M costs for 2021. Due to financial constraints and the financial gap, the CMWU are unable to assume responsibility and ensure operations of the facility. A local contractor was selected for the design of a 7 MW solar PV system for the facility.⁴⁴ Once the design is ready (expected October 2020), tendering will begin for implementation. The IsDB made a verbal commitment to reallocate 5 million USD for Phase 2 (5.7 MW) of the PV system. EU advanced its support for the implementation of a reuse scheme for the facility, implemented by Oxfam. Tendering for the pilot phase, which will provide 1,375m³/day of reused water for farmers, began 1 August 2020. A contractor is expected to be selected to design the scheme in November 2020. Khan Younis Municipality deployed only two of the six required support staff for the operation of the WWTP. UNDP contributed five key staff in the absence of municipal staff. CMWU and Khan Younis still need to deploy required staff for training from the contractor
Southern STLV	<ul style="list-style-type: none"> Temporary delays were seen in construction of Phase II and III expansions during COVID-19. The completion date is now expected by June 2021. The existing facility operated at a lower capacity than usual, for only 4-6 hours/day, due to shortages in chemical supplies.⁴⁵ The Austrian Development Agency contributed funds on 11 August 2020 for these chemicals A dedicated electricity line is under construction to enable 24-hour electricity supply, which is expected to be operational in January 2021
Gaza City STLV	<ul style="list-style-type: none"> The Gaza City STLV has increased daily operations to 12 hours/day as of May 2020, following an electricity agreement between CWMU and GEDCO. The facility produces an average 4800m³/day.
Deir al Balah STLV	<ul style="list-style-type: none"> The ICRC committed to resolve the challenges related to the Program Logic Control System, which will enable automatic operation of the facility based on grid-supplied electricity.⁴⁶ A contractor will be selected in September 2020.

⁴⁴ The first phase (1.3 MW) is funded through Government of Norway.

⁴⁵ The prior operating capacity was eight hours/day based on the existing electricity supply agreement.

⁴⁶ The Deir al-Balah (Phase I) STLV is operating for 6-8 hrs/day based on the electricity grid cycle and the expansion (Phase II) of the facility has been only operated manually for two hours/day due to challenges with the PLC system.

Water and Wastewater Facilities in the West Bank

Component	Key developments (1 April 2020 – 11 September 2020)
Hebron WWTP, Wadi Saman Trunk Line and Reuse Scheme	<ul style="list-style-type: none"> Construction of the WWTP saw extensive challenges with the neighboring communities. As a result, construction has been suspended since 28 May 2020; construction will resume further to an agreement reached in early October 2020 between the PA and the local communities on arrangements for moving forward. These challenges also impeded the finalization of the contract for the Wadi Saman Trunk Line and Reuse Scheme. The EU loaned 1 million EUR to the PA in support of the project and the PA contributed 30 million NIS for this project.
Ein Jariot WWTP	<ul style="list-style-type: none"> The pre-qualification for a consultant to validate the design of the Ein Jariot WWTP was finalized in August 2020. Once the design is complete, construction is expected to begin, with financial support by KfW, by mid-2021 Construction approvals remain outstanding due to the lack of communication between the PA and the GoI over this reporting period
North East Ramallah Sewage Project	<ul style="list-style-type: none"> A feasibility study, funded by the European Investment Bank (EIB), was completed in July 2020. Discussions are ongoing on the financing of this project between the PA and EIB.
Jericho WWTP and Reuse Scheme	<ul style="list-style-type: none"> Expansion of the wastewater collection network, funded by the Representative Office of Japan and the PA, was completed in July 2020, increasing the flow to the Jericho WWTP by an additional 2,300 m³/day. Despite some delays in construction during the COVID-19 pandemic, the expansion of the Aqbat Jabr sewage network, funding by Japan through UNRWA, continues to make progress and construction is expected to be complete in April 2021. Funding of 3 million USD remains outstanding for the works on Jericho's internal wastewater network, which were suspended following USAID funding cuts
Al Bireh Reuse Scheme	<ul style="list-style-type: none"> The PA allocated 300,000 USD in June 2020 to develop a detailed design for the Al Bireh Reuse Scheme. The design is expected to be complete by mid-2021. Funding of 9.6 million USD needed for the implementation of the trunk line and reuse scheme
Nablus West WWTP	<ul style="list-style-type: none"> The Asira a-Shamaliya municipality contributed to the expansion of the wastewater network and trunk line feeding the Nablus WWTP, which is expected to be complete in mid-2021.
Tulkarem Sewage Project	<ul style="list-style-type: none"> The NRO commitment to contribute 5 million USD to support the municipality of Atil as part of the Al Sha'arawiya Sewage Project is expected to conclude by the end of September. The project will include a detailed design and implementation of a wastewater collection network. Construction is expected to begin by mid-2021
Yatta Water Network	<ul style="list-style-type: none"> Progress continues in completing the construction of the Yatta Water Network, following funding cuts by USAID. UNICEF is developing a detailed proposal for implementing the remaining works, which will be funded by the NRO.
Janzur Well	<ul style="list-style-type: none"> AfD have committed 400,000 EUR towards the first phase of the well in Janzur (this includes only drilling the well and conducting pumping tests). If pumping tests proves the productivity of the well; an estimated 3.5 million USD will be needed for completing the second phase (this includes equipping the well). It is expected that the well will supply approximately 1.3 MCM/y.

Annex B: Assessment for the Implementation of a Prepaid Water Meters Pilot in Gaza

A series of interventions to address the severe water crisis in Gaza both in the short and in the long-term have been identified by the Palestinian water sector institutions and are underway. This includes the development of water facilities to increase potable water supply as well as rehabilitating and improving the network. The expected increase in the quantity and quality of water services presents an opportunity for improving commercial/financial viability of the sector. One key measure, utilized globally, that contributes to improving collection rates, managing consumers' consumption levels and reducing non-revenue water is the installation of prepaid water meter (PWM) devices.⁴⁷ While several service providers have implemented this measure in the West Bank, one small-scale project was executed in Gaza to date and another is under implementation.

With funding from the EU, the OQ, in coordination with the PWA, undertook an *“Assessment for the Implementation of a Prepaid Meter Pilot Program in Gaza”* to inform the sector of the potential for deploying such a technology considering the unique circumstances in Gaza. The objectives of the study were to advance an assessment of the potential for installing pre-paid meters in Gaza from socio-economic, legal and governance, technical, and commercial perspectives, both at customer and service provider levels, and accordingly develop a pilot programme. Opportunities and challenges for each aspect were identified, along with the recommendations to address them. This would enable a gradual deployment of PWM that copes with legal, technical, financial and social considerations.

In the immediate to short-term, the study found that a pilot can be implemented in some areas in Gaza where major enablers for PWMs are in place. The study recommends a pilot of 1,000 PWMs to be installed in Rafah and Khan Younis, as water supply for both areas is from the Southern STLV Desalination plant and Mekorot blended water, thus water is available in sufficient quality and quantity. Moreover CMWU, the service provider in these two areas, is currently implementing a pilot and hence is familiar and has the expertise with PWMs. Target customers for the pilot shall be selected to conform with the recommendations of the study analysis to address socio-economic, legal and technical considerations. The pilot proposes a work plan for implementation including activities for the import, installation, and operation of the meters. The implementation of the pilot is to require an investment cost of 242,000 USD over an estimated timeline of approximately twelve months. This pilot could be implemented through the considered EU funding for the PWM in the south of Gaza.

In the longer-term, enabling a sustainable deployment of PWMs in Gaza at a wider scale requires some measures to be further developed. Key recommendations are summarized below:⁴⁸

Governance:

While several PA decisions were issued incentivizing PWMs implementation, further policy decisions are needed, including:

⁴⁷ Prepaid water meters are water metering systems, integrated with service provider management systems, in which the consumer purchases water credit in advance of consuming municipal water supply.

⁴⁸ Additional and more detailed recommendations are provided throughout the report, which is available upon request from the PWA or the OQ.

- Identifying a minimum level of water supply as a basic humanitarian need, in accordance with international laws and best practices, to be supplied to all customers in cases of non-payment for an identified period.
- Developing policies and mechanisms to ensure the poor are protected through targeted subsidies and social safeguards.
- Developing policies to govern the provision of water in emergency situations, regardless of the customer's credit in the meter. This could be in the form of spare credits or a continuous supply of 15 l/c/d, as recommended by the World Health Organization for emergency conditions.
- Enforcing separation of water accounts from other municipal accounts.
- Adopting a clear method for wastewater billing in areas where PWMs are deployed.

Socio-Economic:

- At early deployment stages, targeting customers who are interested in installing PWMs, including those who have higher income levels, are satisfied with the water quality received, committed to monthly payment, have high accumulated debts, live in rented houses and in multi-story buildings where water meters are shared, are non-residential subscribers and/or are familiar with PWMs.⁴⁹
- Providing the option for customers to deploy prepaid technology for water service provision and avoid customers who may resist PWMs.
- Introducing public awareness campaigns to educate the customers on the functionalities and benefits of PWMs, and introducing incentive programmes, i.e. covering cost of PWM device & installation, discounts on bill /debt, social support for water bills, etc.

Technical:⁵⁰

- Targeting specific areas, where the quality and quantity of water supply are good and continuous, and where water infrastructure, mainly the pipeline network is in good condition, i.e. enough water pressure to allow the water to reach all the served households.
- The study recommends the procurement of Ultrasonic PWMs which meets the technical considerations specific to Gaza; withstand low water quality (sand and impurities), not affected by high water pressure or low water flow, not affected by wear, tear and whether changes, provide accurate measurements and require infrequent maintenance.
- Installing PWMs within District Metered Areas (DMAs) and connected to a SCADA system. These systems enable supervisory control and data acquisition hence enable better network management.
- Installing PWMs that support latest technologies serving up to 10 years, sensitive to weather conditions, with batteries of 3-5 years life span and can be integrated with the billing, collection and accounting systems.

⁴⁹ Large customers such as commercial premises and facilities. Usually those customers have high water consumption levels, managing their bills results in significant impact on collection efficiency.

Commercial and operational:

- Forming a dedicated unit within the service provider to undertake the installation of PWMs, software programming, oversee operations, as well as provide technical monitoring, support and maintenance.
- Introducing procedures for punitive measures for non-payment and looting in line with the relevant legislations and social protection programmes.
- Establishing a point of sales network for customers in different areas with online charging options.
- Signing a long-term service agreement between the service provider and the PWM supplier to ensure continuity of support.
- Carrying out monitoring activities following operations of PWM systems, i.e. online monitoring followed by selective field investigations to address concerns with meter tampering or defects.

Annex C: Energy Infrastructure Map

