HUMAN RIGHTS WATCH

BANKROLLING ABUSE

Israeli Banks in West Bank Settlements

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Summary

Israel's largest banks are providing services that help support, maintain, and expand unlawful settlements by financing their construction in the occupied West Bank, including partnering with developers to build homes on land unlawfully seized from Palestinians. The banks' involvement is direct and substantial: they acquire a property interest in the development projects and shepherd them through to completion. The transfer by the occupier of members of its civilian population into the occupied territory, and the deportation or transfer of members of the population of the territory, are war crimes. The activities of banks finance a critical step in this transfer.

The activities of these banks also raise concerns about pillage, due to land seizure policies by the Israeli military that make it difficult to ascertain whether the landowners have freely given their consent.

In addition to construction projects, banks provide loans to settlement councils (local authorities) and mortgage loans to home-buyers in settlements and operate ATMs and bank branches there. Israeli banks generally do not offer these services to Palestinians, because Palestinian residents of the West Bank are forbidden by military order to enter settlements, except as laborers bearing special permits. Palestinian and foreign banks provide services to Palestinian customers outside the settlements.

Settlements are unlawful under international humanitarian law. They contribute to a discriminatory regime in which Israeli authorities restrict and stunt Palestinian economic development, while subsidizing and supporting Israeli settlements built on land unlawfully seized from Palestinians. International humanitarian law forbids an occupying power from using land except for military purposes or for the benefit of the local population living under occupation.

Most Israeli banks finance or "accompany" construction projects in the settlements by becoming partners in settlement expansion, supervising each stage of construction, holding the buyers' money in escrow, and taking ownership of the project in case of default by the construction company. Most of that construction takes place on "state land," which can include land unlawfully seized from Palestinians and which Israel uses in

a discriminatory fashion, allocating one third of state land in the West Bank, not including East Jerusalem, to the World Zionist Organization and just 1 percent for use by Palestinians.

Settlements inherently contribute to serious violations of international human rights and humanitarian law. Companies, including banks, that conduct business in or with settlements cannot mitigate or avoid contributing to these abuses, because the activities they conduct take place on unlawfully seized land, under conditions of discrimination, and through a serious violation of Israel's obligations as an occupying power.

Human Rights Watch therefore believes that, in order to comply with their human rights responsibilities, banks, like other businesses, should cease doing businesses in or with Israeli settlements. This means they should stop locating or carrying out activities inside settlements, financing, administering, or otherwise supporting settlements or settlement-related activities and infrastructure, and contracting to purchase settlement-produced goods, because, in Human Rights Watch's view, these activities inherently contribute to serious abuses.

Recommendations

To Israeli Banks

- Stop providing services in or to settlements, including financing construction projects, providing mortgage loans and loans to local authorities, and operating bank branches and ATMs in settlements. Refrain from opening new branches in settlements and take the necessary steps to close existing branches.

To the Government of Israel

- Dismantle all Israeli civilian settlements in the West Bank.
- Until that occurs, dismantle the two-tiered system that discriminates against and otherwise systematically violates the rights of Palestinians in the West Bank.

To the United Nations Office of the High Commissioner for Human Rights

- Scrutinize the conduct of Israeli banks to determine their inclusion in the database it is preparing on companies doing business with Israel's illegal settlements.

To the Bank of Israel

- Take all measures within its authority to limit the scope of any bank servicing Israeli settlements in the West Bank.[1] That includes refusing requests to open additional service points (bank branches or ATMs) in Israeli settlements, approving any requests to close settlement service points, and approving policies proposed by banks that would limit or eliminate services provided in or on behalf of settlements.

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[1] The Bank of Israel regulates the activities of Israeli banks, including their activities in and with settlements, and has the authority to authorize the opening and closing of bank branches and the adoption of policies on service provision. See Human Rights Watch, *Israeli Law and Banking in West Bank Settlements*, September 12, 2017, https://www.hrw.org/news/2017/09/12/israeli-law-and-banking-west-bank-settlements.

Methodology

Human Rights Watch has reviewed minutes of meetings of settlement local and regional authorities, reports from construction companies, company profiles of Israeli banks, promotional materials advertising settlement homes, and information published by the Bank of Israel about banking service points in settlements. Human Rights Watch interviewed by telephone an expert in Israeli property law and an Israeli real estate agent with knowledge of land deals in settlements.

Human Rights Watch wrote to Bank Hapoalim, Bank Leumi, Bank Discount, Mizrahi Tefahot, the First International Bank of Israel (FIBI), Igud Bank, and Bank of Jerusalem, the seven largest Israeli banks, which are mentioned in this publication, requesting details of banking activities in the settlements and information about their understanding of their human rights responsibilities.[2] Bank Leumi referred Human Rights Watch to the Association of Banks in Israel, a trade association that declined to comment. None of the other banks responded. Human Rights Watch wrote to the Israeli Civil Administration, the branch of the military in charge of civilian issues in the West Bank, to request information about the status of land on which new settlement houses are being constructed, and received explanations, which are included in the annex to this report. It also wrote to three Israeli construction companies building new housing projects in the settlements of Alfei Menashe and Elkana.[3] None of the construction companies provided a substantive response.

Human Rights Watch also visited bank branches in Israeli settlements, the sites of five of the construction projects, and three adjacent Palestinian villages. Human Rights Watch interviewed Palestinian local officials and reviewed Palestinian and Israeli maps of construction projects as well as Palestinian and Israeli land registration documents, tax registration documents, and permits issued by the Israeli military. It obtained maps, aerial photos, and explanations of the status of the land from the Israeli nongovernmental

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[2] English translations of the letters Human Rights Watch sent to the seven banks are available at https://www.hrw.org/sites/default/files/supporting_resources/hrw_letters_israeli_banks_report.pdf.

[3] English translations of the letters Human Rights Watch sent to the three companies are available at https://www.hrw.org/sites/default/files/supporting_resources/hrw_letters_construction_companies_report.pdf.

organization (NGO) Kerem Navot,[4] which researches land use in the West Bank, including by obtaining and analyzing official Israeli maps and aerial photos.

Human Rights Watch also examined information on banking activities in Israeli settlements published by the Israeli NGO Who Profits,[5] the Danish media and research group Danwatch,[6] and a coalition of French NGOs.[7]

All interviewees freely consented to be interviewed. Human Rights Watch explained to them the purpose of the interview and how the information gathered would be used and did not offer any remuneration.

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[4] Kerem Navot, www.keremnavot.org, accessed April 24, 2018.

[5] Who Profits, "Financing Land Grab: The Direct Involvement of Israeli Banks in the Israeli Settlement Enterprise," February 2017, https://whoprofits.org/content/financing-land-grab-direct-involvement-israeli-banks-israeli-settlement-enterprise (accessed March 3, 2018).

[6] Danwatch, *Business on Occupied Territory*, January 31, 2017, https://old.danwatch.dk/en/undersogelse/businessonoccupiedterritory/ (accessed March 3, 2018).

[7] Association France Palestine Solidarité et al, *French Banks' Dangerous Liaisons with Israeli Settlement Enterprise*, March 2017, https://www.banktrack.org/news/report_reveals_links_between_five_french_banks_and_insurance_companies_and_the_israeli_settlements (accessed March 3, 2018).

I. Why Banking in Israeli Settlements Violates International Law

Human Rights Watch has previously documented how businesses in Israeli settlements in the West Bank contribute to and benefit from serious violations of international human rights and humanitarian law: settlements are located on land that has been unlawfully taken from Palestinians, exploit natural resources that belong to the Palestinian population of the territory but are allocated in a manner that discriminates in favor of Israelis, and are part of a discriminatory regime that privileges Israeli businesses while stymying the development of Palestinian businesses and social and cultural institutions and infrastructure.[8] Transferring an occupying power's civilian population into occupied territory is a war crime, as is the deportation or transfer of any part of the population of the territory within or outside the territory. Settlements, which are created by these unlawful population transfers, are inextricably tied to restrictions on Palestinian freedom of movement, unlawful seizure of Palestinian land, and home demolition and displacement.

Settlement businesses depend on and benefit from Israel's unlawful confiscation of Palestinian land and other resources and contribute to the well-being and growth of settlements.[9] Settlement-related activities also directly benefit from Israel's discriminatory policies in planning and zoning,[10] the allocation of land and natural resources,[11] financial incentives, and access to utilities and infrastructure. These policies result in the forced

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[8] Human Rights Watch, *Occupation, Inc.: How Settlement Businesses Contribute to Israel's Violations of Palestinian Rights*, January 19, 2016, https://www.hrw.org/report/2016/01/19/occupation-inc/how-settlement-businesses-contribute-israels-violations-palestinian.

[9] Human Rights Watch, *Separate and Unequal: Israel's Discriminatory Treatment of Palestinians in the Occupied Palestinian Territories*, December 2010, pp. 35-40, https://www.hrw.org/news/2010/12/19/israel/west-bank-separate-and-unequal; Kerem Navot, "Ali Baba: The Declaration of Government Property around the Settlement of 'Eli' on 3/30/2017," January 2018, http://www.keremnavot.org/enalibaba (accessed March 10, 2018); B'Tselem, "Land Grab: Israel's Settlement Policy in the West Bank," May 2002, https://www.btselem.org/download/200205_land_grab_eng.pdf (accessed March 10, 2018); B'Tselem, "By Hook and by Crook: Israeli Settlement Policy in the West Bank," July 2010, https://www.btselem.org/download/201007_by_hook_and_by_crook_eng.pdf (accessed March 10, 2018).

[10] Bimkom, "The Prohibited Zone: Israel's Planning Process in Palestinian Villages in Area C," June 2008, http://bimkom.org/eng/wp-content/uploads/ProhibitedZone.pdf (accessed March 10, 2018).

[11] B'Tselem, "Thirsty for a Solution – Resolving the Water Crisis in the West Bank in the Occupied Territories and its Resolution in the Final-Status Agreement," July 2000, https://www.btselem.org/Download/200007_Thirsty_for_a_Solution_Eng.doc (accessed March 10, 2018); Kerem Navot, "Israeli Settlers' Agriculture as a Means of Land Takeover in the West Bank," August 2013, http://www.keremnavot.org/naboths-vineyard (accessed March 10, 2018).

displacement of Palestinians[12] and place Palestinians at an enormous disadvantage in comparison with settlers. The World Bank estimates that restrictions on Palestinian economic development and construction in Area C alone, where most settlements are located, cost the Palestinian economy US$3.4 billion annually, a third of Palestinian gross domestic product (GDP).[13]

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[12] B'Tselem, "Arrested Development: The Long Term Impact of Israel's Separation Barrier in the West Bank," October 2012, https://www.btselem.org/sites/default/files/sites/default/files2/201210_arrested_development_eng.pdf (accessed March 10, 2018).

[13] World Bank, Report No. AUS2922, *West Bank and Gaza, Area C and the Future of the Palestinian Economy*, October 2, 2013, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/01/23/000442464_20140123122135/Rendered/PDF/AUS29220REPLACOEVISIONOJanuary02014.pdf (accessed March 14, 2018).

II. The Human Rights Responsibilities of Banks

Following international standards articulated in the United Nations Guiding Principles on Business and Human Rights (UNGPs), businesses are expected to undertake human rights due diligence to identify and mitigate contributions to human rights violations of not only their own activities but also activities to which they are directly linked by their business relationships. They are also expected to respect international humanitarian law standards. Businesses are expected to take effective steps to avoid or mitigate potential human rights harm and to consider ending business activity where severe negative human rights consequences cannot be avoided or mitigated.

Based on extensive prior research,[14] it is Human Rights Watch's view that adequate due diligence would show that business activities in or in contract with Israeli settlements or with settlement businesses contribute to rights abuses[15] and that businesses cannot mitigate or avoid contributing to these abuses so long as they engage in such activities, as they contribute to the operation and expansion of settlements that violate international law. In the view of Human Rights Watch, the context of human rights abuses to which settlement business activity contributes is so pervasive and severe that businesses should cease carrying out activities inside or for the benefit of settlements, including financing, providing services to, or otherwise supporting settlements or settlement-related activities and infrastructure.

Human Rights Watch wrote to seven Israeli banks about their human rights policies and procedures and contacted them about their operations in relation to the settlements. None of the seven Israeli banks contacted responded to questions regarding any steps they have taken to implement the UNGPs. Human Rights Watch did not find publicly available documents relating to such implementation. Bank Hapoalim, Bank Leumi, Bank Discount, and Mizrahi Tefahot are members of the UN Global Compact, which includes a commitment to respect and support "internationally proclaimed human rights" and to

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[14] See footnote 10.

[15] Human Rights Watch, *Separate and Unequal: Israel's Discriminatory Treatment of Palestinians in the Occupied Palestinian Territories*, December 2010, https://www.hrw.org/news/2010/12/19/israel/west-bank-separate-and-unequal; Human Rights Watch, *Occupation, Inc.: How Settlement Businesses Contribute to Israel's Violations of Palestinian Rights*, January 19, 2016, https://www.hrw.org/report/2016/01/19/occupation-inc/how-settlement-businesses-contribute-israels-violations-palestinian.

avoid complicity in human rights abuses. Each bank publishes an annual corporate social responsibility report.[16] None of the 2016 editions of these reports, the most recent, specifically addresses activities in Israeli settlements.

[16] Bank Hapoalim, *Sustainability Report 2016: Economic, Social and Environmental Responsibility*, http://www.bankhapoalim.com/wps/wcm/connect/17d3ab0041ff1ecfb2f3b23541ca90ac/BankHapoalim2016CSRreportEng.pdf?MOD=AJPERES&lmod=153207788&CACHEID=17d3ab0041ff1ecfb2f3b23541ca90ac (accessed March 10, 2018); The Leumi Group, *Corporate Social Responsibility 2016*, https://plus.leumi.co.il/wp-content/PLUS_REPORTS/CSR_report_2016_Engish.pdf?_ga=2.253845448.1311189039.1516732727-954687692.1515053606 (accessed March 10, 2018); Israel Discount Bank, *Corporate Responsibility Report 2016*, https://www.discountbank.co.il/DB/sites/marketing.discountbank.co.il/files/CMS%20media/english_site/documents/pdf/Corporate%20Responsibility%20Report%202016.pdf (accessed March 10, 2018); Mizrahi Tefahot, *Corporate Social Responsibility Report 2016*, https://www.mizrahi-tefahot.co.il/Lists/BankMizrahiSiteAssets/PDF-English/31959%20doch_Int_ENG_biz1_Press%20Mail%20Int.pdf (accessed March 10, 2018).

III. Israeli Banking Activities Enable and Facilitate Settlements

Israeli banks provide a variety of services in settlements in the West Bank, mostly concentrated in the largest settlements. They do not operate directly in Palestinian towns in the West Bank, where Palestinian and foreign banks provide services.[17]

Partnering in New Settlement Construction

International humanitarian law allows an occupying power to use land in the occupied territory for two purposes only: the military needs of the occupying power or the benefit of the local population living under occupation.[18] Any other use of the land is a violation of the obligations of the occupying power, which is forbidden to exploit the territory for economic or civilian use.[19] In addition, transferring the occupying power's civilians into the occupied territory is a war crime.[20] For these reasons, it is unlawful for the occupying power to allow or assist the building of homes or any other structures in the West Bank for the use of Israeli civilians, regardless of the designation of particular tracts of land. In addition, as Human Rights Watch has documented, the mechanism that the Israeli military uses to designate land for settlement construction not only discriminates against Palestinians, but in many cases also allows for the expropriation of private Palestinian property for exclusive Israeli use.[21]

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[17] While in theory, Palestinians could open accounts in Israeli banks, they are not able to do so in practice, because of a regulatory requirement that new customers open accounts in person, presenting themselves at the bank branch. Palestinians cannot ordinarily enter either settlements or Israel, where the banks have branches.

[18] Hague Convention (IV) Respecting the Laws and Customs of War on Land and the Annexed Regulations Concerning the Laws and Customs of War on Land of 18 October 1907 (Hague Regulations), 3 Martens Nouveau Recueil (ser. 3) 461, 187 Consol. T.S. 227, entered into force January 26, 1910, art. 43.

[19] Ibid, art. 55.

[20] Geneva Convention relative to the Protection of Civilian Persons in Time of War (Fourth Geneva Convention), adopted August 12, 1949, 75 U.N.T.S. 287, entered into force October 21, 1950,arts. 49.6, 146-147; Rome Statute of the International Criminal Court, A/CONF.183/9, July 17, 1998, entered into force July 1, 2002, art. 8(2)(b)(vii).

[21] Human Rights Watch, *Occupation, Inc.:How Settlement Businesses Contribute to Israel's Violations of Palestinian Rights*, January 19, 2016, https://www.hrw.org/report/2016/01/19/occupation-inc/how-settlement-businesses-contribute-israels-violations-palestinian.

New neighborhood in the Israeli settlement of Etz Efraim, near the Palestinian village of Mas-ha.
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Israeli banks often become active and direct partners in the projects themselves, rather than passive lenders, because of an Israeli law that limits the ability of developers to collect advance payments from buyers unless those developers obtain financial guarantees, in a framework known as "accompanying agreements," as described below.[22] In other words, the involvement of banks in new construction projects in settlements is direct and substantial.

Like most Israeli legislation, the law requiring guarantees as a condition of receiving certain advance payments for new construction projects is territorial and therefore does not apply in the West Bank.[23] However, some Israeli developers specify in their contracts

[22] Sale Law (Apartments) (Guaranteeing Investments of Home Buyers), 1974.

[23] C.A. 5893/91 Tefahot Mortgage Bank of Israel v. Sabah, 38(2) P.D. 573, 580 (1994). The law does apply in East Jerusalem, however, because of Israel's unilateral annexation of East Jerusalem in 1967. This annexation is not recognized internationally, and East Jerusalem remains occupied territory. Other Israeli laws apply to settlers in the West Bank but not to Palestinians through a variety of legal provisions that apply Israeli law to the settlers on a personal basis.

that the Israeli law regarding bank accompaniment of a project will apply to sale of properties in West Bank settlements, meaning they assume an obligation to obtain financial guarantees that can reassure buyers of the project's financial soundness.[24]

Banks considering financing a new housing project will scrutinize its land registration, building permits, infrastructure, business plan, and expected profits. Under the terms of these "accompanying agreements," a bank that chooses to partner in a construction project generally requires the developer to give the bank, as collateral, its rights in the property, and will then open a special account for the project and collect the buyers' moneys directly into that account. The bank then authorizes the release of the buyers' funds to the developer after verifying, via engineers and other professionals, that the construction has progressed sufficiently, and that such funds are properly allocated to project costs. In the event of bankruptcy or default by the project developer, the bank takes ownership of the property and usually seeks another developer to complete it. [25]

Numerous construction projects in Israeli settlements, especially apartment complexes in the larger settlements, are financed by Israeli banks. The text box below provides 16 examples of projects in which six of the seven largest Israeli banks are partners. The Israeli nongovernmental organization (NGO) Who Profits documented seven of these projects in a recent report.[26] These examples are far from exhaustive, and they do not imply that the named bank is more or less involved than other Israeli banks in expanding settlements. They are simply current projects for which Human Rights Watch was able to obtain information about the financing.

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[24] Eliezer Wolf, *Havtahat Hashkaot shel Rochashei Dirot* (Guaranteeing Investments of Home Buyers) in "Nihul Nadlan" 651 (1997) (Hebrew), p. 661, http://landtax.co.il/books/nihul-nadlan/16.pdf (accessed March 10, 2018).

[25] Wolf, *Havtahat Hashkaot*, pp. 656-657 and according to telephone interviews that Human Rights Watch conducted with an Israeli real estate agent and an Israeli expert in property law in the West Bank.

[26] Who Profits, "Financing Land Grab: The Direct Involvement of Israeli Banks in the Israeli Settlement Enterprise," February 2017, https://whoprofits.org/content/financing-land-grab-direct-involvement-israeli-banks-israeli-settlement-enterprise (accessed March 3, 2018). The Who Profits report documents additional construction projects, including those undertaken by a seventh bank, Bank Discount, via its subsidiary, Mercantile Discount. Human Rights Watch requested confirmation from Bank Discount about those additional projects but did not receive a response. Human Rights Watch was not able to document those additional projects independently and therefore did not include them in this publication.

Partnering in Construction Projects through Accompaniment Agreements

Name of Bank	Settlement	Construction Project	Description	Source of information about bank involvement
Bank Hapoalim	Efrat	"Ganei Tamar"[27]	50-unit housing project	August 24, 2017 phone conversation with construction company representative
Bank Hapoalim	Efrat	"Efrat Haptuha"[28]	24-unit housing project	August 14, 2017 phone conversation with construction company representative and Who Profits report[29]
Bank Hapoalim	Beitar Illit	"Mishkanot Traklin"[30]	40-unit housing project on Hill "B"	August 15, 2017 phone conversation with construction company representative
Bank of Jerusalem	Efrat	"Barkan Batamar"[31]	28-unit housing project in Givat Hatamar	August 24, 2017 phone conversation with construction company representative and Who Profits report
Bank Leumi	Alfei Menashe	"Amirei Nof"[32]	130-unit housing project in Givat Tal[33]	May 21, 2017 informational session at project office, Who Profits report, the construction company's September 30, 2015

[27] Details on marketing web site by Eluel Company: http://www.ganeitamar.co.il/ (accessed March 21, 2018).

[28] Details on marketing web site by Mishkan Elyahu company: http://www.mishkan1.co.il/document/52,67,6.aspx (accessed March 21, 2018).

[29] Who Profits, Financing Land Grab: The Direct Involvement of Israeli Banks in the Israeli Settlement Enterprise, February 2017, https://whoprofits.org/content/financing-land-grab-direct-involvement-israeli-banks-israeli-settlement-enterprise (accessed March 3, 2018).

[30] Details on marketing web site by Traklin company: http://www.traklin-group.com/he/bldProjct_details.asp?pid=19 (accessed March 21, 2018).

[31] Description on web site advertising settlement real estate: http://www.goyosh.co.il/%D7%A4%D7%A8%D7%95%D7%99%D7%A7%D7%98%D7%99%D7%9D/%D7%91%D7%A8%D7%A7%D7%9F-%D7%91%D7%92%D7%91%D7%A2%D7%94-%D7%90%D7%A4%D7%A8%D7%AA (accessed March 21, 2018).

[32] Description on marketing web site by Zemach Hammerman company: http://zhg.co.il/projects/amirey-nof/about (accessed March 21, 2018).

[33] Additional description on web site advertising settlement real estate: http://www.goyosh.co.il/%D7%A4%D7%A8%D7%95%D7%99%D7%A7%D7%98%D7%99%D7%9D/%D7%90%D7%9E%D7%99%D7%A8%D7%99-%D7%A0%D7%95%D7%A3-%D7%90%D7%9C%D7%A4%D7%99-%D7%9E%D7%A0%D7%A9%D7%94 (accessed March 21, 2018).

				financial report[34] and a letter it wrote to the Israeli stock exchange[35]. Credit framework is 184,500,000 NIS.
FIBI	Beitar Ilit	"Ginot Minrav"[36]	90-unit housing project on Hill C	August 14, 2017 phone conversation with construction company representative and Who Profits report
Igud Bank	Elkana	"Tzamerot Elkana"[37]	50-unit housing project in northern neighborhood	August 10, 2017 phone conversation with construction company representative
Mizrahi Tefahot	Ariel	"Green Ariel"	96-unit project marketed as environmentally conscious housing	Brochure by the developer[38], 2015 site visit by Human Rights Watch and Who Profits report
Mizrahi Tefahot	Ariel	"Green in Ariel" [39]	36-unit project	Web site of Israeli company providing advice and services to the project[40]
Mizrahi Tefahot	Efrat	"Bustan Hadagan"	43-unit housing project	August 24, 2017 conversation with representative of construction company, web site

[34] Zemach Hammerman Ltd., *Directorate's Report on the Status of the Company's Matters as of September 30, 2015, pp. 4-5*, http://maya.tase.co.il/reports/details/1003882 (accessed March 10, 2018).

[35] June 18, 2015 letter from Zemach Hammerman to the Israeli Securities Authority and the Tel Aviv Stock Exchange, http://ir.zhg.co.il/immediate_reports/%D7%94%D7%AA%D7%A7%D7%A9%D7%A8%D7%95%D7%AA-%D7%91%D7%94%D7%A1%D7%9B%D7%9D-%D7%9C%D7%99%D7%95%D7%95%D7%99-%D7%91%D7%A0%D7%A7%D7%90%D7%99-%D7%91%D7%A7%D7%A9%D7%A8-%D7%A2%D7%9D-%D7%A4%D7%A8%D7%95%D7%99-2/ (accessed March 10, 2018).

[36] Description on company web site: http://www.minrav.co.il/Project-73.html (accessed March 22, 2018).

[37] Description on web site marketing real estate: http://www.my-community.co.il/project/contractor/738 (accessed March 22, 2018).

[38] Available online: http://www.ad.co.il/project/64 (accessed March 22, 2018).

[39] Description on web site marketing settlement real estate: http://www.bemuna.co.il/product/%D7%A4%D7%A8%D7%95%D7%99%D7%A7%D7%98-%D7%A4%D7%A1%D7%92%D7%AA-%D7%90%D7%A8%D7%99%D7%90%D7%9C (accessed March 22, 2018).

[40] Ayalon Project Supervision and Consulting Ltd., http://www.ayalonim.co.il/119500/%D7%A4%D7%A8%D7%95%D7%99%D7%99%D7%A7%D7%98%D7%99%D7%9D-%D7%A4%D7%A2%D7%99%D7%9C%D7%99%D7%9D (accessed March 22, 2018).

				of Israeli company providing advice and services to the project,[41] web site of construction company (noting bank accompaniment without naming bank) [42]
Mizrahi Tefahot	Efrat	In Givat Hatamar[43]	16-unit housing project	Web site of Israeli company providing advice and services to the project[44]
Mizrahi Tefahot	Elkana	"Ahdut Elkana"[45]	145-unit housing project[46]	August 14, 2017 phone conversation with marketing representative and web site of construction company.[47]

[41] Ayalon Project Supervision and Consulting Ltd., http://www.ayalonim.co.il/119500/%D7%A4%D7%A8%D7%95%D7%99%D7%99%D7%A7%D7%98%D7%99%D7%9D-%D7%A4%D7%A2%D7%99%D7%9C%D7%99%D7%9D.

[42] Description on company web site: http://ykenig.co.il/#section1 (accessed March 22, 2018).

[43] Description on web site marketing real estate: http://kanbonim.mako.co.il/%D7%97%D7%A4%D7%A9-%D7%93%D7%99%D7%A8%D7%94-%D7%91%D7%A4%D7%A8%D7%95%D7%99%D7%A7%D7%98/%D7%A2%D7%99%D7%A8-%D7%93%D7%95%D7%93-%D7%92%D7%91%D7%A2%D7%AA-%D7%94%D7%AA%D7%9E%D7%A8-%D7%90%D7%A4%D7%A8%D7%AA%D7%94/?refcomp=contractor_page (accessed March 22, 2018).

[44] Ayalon Project Supervision and Consulting Ltd., http://www.ayalonim.co.il/119500/%D7%A4%D7%A8%D7%95%D7%99%D7%99%D7%A7%D7%98%D7%99%D7%9D-%D7%A4%D7%A2%D7%99%D7%9C%D7%99%D7%9D.

[45] Description on Shoam company web site: http://www.shoam.co.il/doc/%D7%90%D7%97%D7%93%D7%95%D7%AA-%D7%90%D7%9C%D7%A7%D7%A0%D7%94 (accessed March 22, 2018).

[46] Additional description on web site marketing settlement real estate: http://www.goyosh.co.il/%D7%A4%D7%A8%D7%95%D7%99%D7%A7%D7%98%D7%99%D7%9D/%D7%A7%D7%91%D7%95%D7%A6%D7%AA-%D7%A8%D7%9B%D7%99%D7%A9%D7%94-%D7%9E%D7%93%D7%95%D7%A8%D7%92%D7%99-%D7%90%D7%9C%D7%A7%D7%A0%D7%94-%D7%90%D7%97%D7%93%D7%95%D7%AA-%D7%90%D7%9C%D7%A7%D7%A0%D7%94 (accessed March 22, 2018).

[47] Shoam company web site: http://www.shoam.co.il/doc/%D7%90%D7%97%D7%93%D7%95%D7%AA-%D7%90%D7%9C%D7%A7%D7%A0%D7%94 (accessed March 22, 2018).

Mizrahi Tefahot	Elkana	"Mishkanot Elkana"[48]	106-unit housing project[49]	August 14, 2017 phone conversation with construction company representative
Mizrahi Tefahot	Kiryat Arba	"Nofei Kramim"[50]	98-unit housing project	August 24, 2017 phone conversation with construction company representative
Mizrahi Tefahot	Ma'aleh Adumim	"Ma'aleh Hadar"	155-unit housing project	2014 annual report by the developer[51] and Who Profits report. 40 million NIS credit framework. The bank holds as collateral development rights in project.
Mizrahi Tefahot	Ma'aleh Adumim	"Tzemah Hatzalaf"[52]	48-unit housing project	Web site of Israeli company providing advice and services to the project[53] and Who Profits report

[48] Description on Mishab company web site: http://www.mishab.co.il/%D7%A4%D7%A8%D7%95%D7%A7%D7%98%D7%99%D7%9D-%D7%91%D7%A9%D7%99%D7%95%D7%95%D7%A7/%D7%9E%D7%A9%D7%9B%D7%A0%D7%95%D7%AA-%D7%90%D7%9C%D7%A7%D7%A0%D7%94/ (accessed March 22, 2018).

[49] Additional description on web site advertising real estate: http://www.my-community.co.il/project/473?source=2 (accessed March 22, 2018).

[50] Description on company web site: https://www.zfbuilding.co.il/project/%D7%A0%D7%95%D7%A4%D7%99-%D7%9B%D7%A8%D7%9E%D7%99%D7%9D-%D7%A7%D7%A8%D7%99%D7%AA-%D7%90%D7%A8%D7%91%D7%A2/ (accessed March 22, 2018).

[51] Amos Hadar Assets and Investments, Ltd., *Periodic Report for the Year 2014*, pp. 73-A-74-A, http://www.a-hadar.co.il/Assets/financialyear2014_isa.pdf (accessed March 22, 2018).

[52] Description on web site marketing real estate: https://yad1.yad2.co.il/Project.php?ProjectID=2192 (accessed March 22, 2018).

[53] Ayalon Project Supervision and Consulting Ltd., http://www.ayalonim.co.il/119500/%D7%A4%D7%A8%D7%95%D7%99%D7%99%D7%A7%D7%98%D7%99%D7%9D-%D7%A4%D7%A2%D7%99%D7%9C%D7%99%D7%9D.

Construction of the Amirei Nof housing project in the Israeli settlement of Alfei Menashe.
© 2017 Human Rights Watch

Two Case Studies

Azzun and Alfei Menashe

Bank Leumi is "accompanying" or partnering with the Israeli company Zemach Hammerman, Ltd to build a new phase of a construction project, "Amirei Nof" (Treetop View), in the Israeli settlement of Alfei Menashe. According to the construction company's report to the Tel Aviv stock exchange, the new phase will include 130 housing units in a five-building project in the "Givat Tal" neighborhood, southeast of the main built-up part of Alfei Menashe.[54] A promotional video by Zemach Hammerman advertises luxury

[54] Zemach Hammerman Ltd., *Directorate's Report on the Status of the Company's Matters as of September 30, 2015*, pp. 4-5, http://maya.tase.co.il/reports/details/1003882 (accessed March 10, 2018).

apartments and penthouses in a "charming town in the center of Israel … with a breathtaking, pastoral view, among olive trees and blooming squills."[55] Because the project is located inside a settlement, its housing units are off-limits to West Bank Palestinians, who are forbidden to enter settlements except as laborers bearing special permits.

The bank signed an agreement with Zemach Hammerman Ltd. on June 17, 2015 to finance the project.[56] The company publicly lists a "banking corporation" as its partner in the project, and a sales representative confirmed to Human Rights Watch in a small group informational session on the housing project, that the partner is Bank Leumi.[57] The bank is supplying credit in the amount of 184.5 million NIS (US$53 million).[58] As part of that agreement, home-buyers make payments to Bank Leumi, and the bank conditions the extension of credit to the company on progress in getting building permits, completing various phases of construction, and marketing the apartments. The agreement grants Bank Leumi fees in the amount of 0.75 percent annually on the credit used, in addition to interest on that sum at the rate of prime plus 0.85 percent. It is also to receive an additional 0.2 percent annually on any unused portion of the credit extended.[59]

Alfei Menashe is separated from most of the rest of the West Bank by the separation barrier that Israel built, meaning that vehicles driven by Israeli drivers can access it from Israel without crossing a checkpoint, but vehicles driven by West Bank Palestinians cannot access it. The roads from Israel to Alfei Menashe contain no visible marker of crossing into the West Bank. At a small group informational meeting describing the Amirei Nof project, attended by a representative from Human Rights Watch, a prospective buyer insisted that Alfei Menashe was on the Israeli side of the so-called Green Line, Israel's internationally

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[55] The Hebrew-language video is available at https://www.youtube.com/watch?v=48BYkhsi_Ko (accessed April 24, 2018).

[56] Who Profits, "Financing Land Grab," p.24; Zemach Hammerman Ltd., *Directorate's Report of September 30. 2015*; June 18, 2015 letter from Zemach Hammerman to the Israeli Securities Authority and the Tel Aviv Stock Exchange, http://ir.zhg.co.il/immediate_reports/%D7%94%D7%AA%D7%A7%D7%A9%D7%A8%D7%95%D7%AA-%D7%91%D7%94%D7%A1%D7%9B%D7%9D-%D7%9C%D7%99%D7%95%D7%95%D7%99-%D7%91%D7%A0%D7%A7%D7%90%D7%99-%D7%91%D7%A7%D7%A9%D7%A8-%D7%A2%D7%9D-%D7%A4%D7%A8%D7%95%D7%99-2/ (accessed March 10, 2018).

[57] A Human Rights Watch researcher visited the housing project's office to request brochures about the project. An informational seminar was about to begin, and the sales representative invited the researcher to sit in. In the course of the session, the sales representative confirmed that Bank Leumi was accompanying the project. Human Rights Watch subsequently sent letters requesting copies of the agreement from both Zemach Hammerman Ltd. and Bank Leumi, but neither the bank nor the construction company responded. The Israeli NGO Who Profits also lists Bank Leumi as the accompanying bank in its report, "Financing Land Grab."

[58] Zemach Hammerman Ltd., *Directorate's Report of September 30, 2015.*

[59] Ibid.

recognized border. He had grown up in Alfei Menashe, he said, and was now interested in returning to live there as an adult but did not realize that it was located in the West Bank.

Alfei Menashe was constructed on lands that formed part of the Palestinian village of Azzun, primarily through a process in which the Israeli authorities seized land, declared it "state land," and then built settlements on it. "State land" is a broad designation that also includes privately owned land whose ownership status Israel reclassified, mostly in the 1980s.[60] Israel has declared more than 750,000 dunams (75,000 hectares), or about 13 percent of the West Bank, excluding East Jerusalem, to be state land. International humanitarian law forbids an occupying power from using land – public or private – except for its security needs or the benefit of the local population. Yet according to the Israeli military, the Israeli authorities have allocated a third of the West Bank's total state land to the World Zionist Organization, primarily for use by settlements, and less than 1 percent of state land for Palestinian use.[61]

According to maps maintained by the Israeli military authorities and given to the Israeli NGO Kerem Navot, Palestinian land records, and a letter from the Israeli military authorities, the Amirei Nof project is partially located on land that Israel declared "state land" in 1980 and partially located on land that had been state land under the Jordanian authorities prior to the Israeli occupation. Authorities appear to have rescinded the state land declaration for the eastern part of the site in 2014 as part of the work of the official "Blue Line Team" tasked with confirming or correcting previous designations,[62] perhaps because they determined that the land had already been designated state land under the Jordanian authorities, as Palestinian authorities in the Azzun village council told Human Rights Watch. In response to a query from Human Rights Watch, the Israeli Civil Administration, the branch of the military responsible for civilian matters in the West Bank, wrote that the eastern part of the site on which the project is being built is administered by the Supervisor of Government and Abandoned Property, a designation consistent with the

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[60] Human Rights Watch, *Occupation, Inc.*, p. 71; B'Tselem, "By Hook and by Crook: Israeli Settlement Policy in the West Bank," July 2010, p. 25. https://www.btselem.org/download/201007_by_hook_and_by_crook_eng.pdf (accessed March 10, 2018).

[61] Chaim Levinson, "Just 0.7% of land in the West Bank has been allocated to Palestinians, Israel admits," *Haaretz*, March 28, 2013.

[62] Kerem Navot, "Blue and White Make Black: The Blue Line Team in the West Bank", December 2016, http://www.keremnavot.org/blueandwhitemakeblack (accessed March 12, 2018).

View of the separation barrier and the Israeli settlement of Alfei Menashe from the Palestinian village of Azzun. © 2017 Human Rights Watch

land being state land prior to 1967. The Israeli Civil Administration said that construction on that land is permitted, insofar as it complies with a building plan approved in 1997.

The housing project is adjacent to and interspersed with plots that are still listed in the Israeli records as being privately owned by Palestinians. The Israeli authorities partially or entirely restrict access to those plots, which are blocked off from the owners' homes by the separation barrier.

It should be noted that the classifications that the Israeli military assigns to the land do not change its status as occupied territory, to which international humanitarian law forbids the transfer of the occupying power's civilian population, irrespective of whether or not the land is privately owned and irrespective of whether the owner has given consent. The Israeli military authorities may only use land in occupied territory – whether publicly or privately owned – for their military needs or for the benefit of the people living under occupation.

Palestinian farmer Anwar Abu Khalil, who can only access part of his land with great difficulty due to the separation barrier around the settlement of Alfei Menashe. © 2017 Human Rights Watch

Murshed Abd al-Rahman Suleiman, a resident of Azzun, inherited, together with his siblings, about 90 dunams (nine hectares) of land on which his father used to grow wheat, barley, and lentils. Registration documents provided by the Palestinian Land Authority and maps provided by the Palestinian Ministry of Local Government show that the land is registered to the family. In the 1980s, the Israeli military authorities seized about seven to eight dunams (three-fourths of a hectare) of that land, he told Human Rights Watch, apparently through a restrictive and anachronistic interpretation of Ottoman land registration laws that requires evidence of substantial cultivation as proof of ownership. Maps provided by the Israeli authorities to the Israeli NGO Kerem Navot, cross-referenced with maps provided to Human Rights Watch by the Palestinian Ministry of Local

Government, indicate that in 1980 the Israeli authorities declared about seven dunams (three-fourths of a hectare) of a plot registered to Suleiman's family to be state land and permitted the construction on it of a number of homes for Alfei Menashe.

Human Rights Watch wrote to the Israeli military authorities requesting explanations regarding the construction of homes on part of the land belonging to Suleiman, and the Israeli Civil Administration requested additional information in order to respond. As of the time of publication, a supplementary response had not been received.

Until 2005, Suleiman was able to access part of his remaining land by walking for 10 minutes along a dirt road. But the separation barrier, which veers more than five kilometers into the West Bank to incorporate Alfei Menashe on the "Israeli" side, cut off Suleiman's family from its land. Suleiman, four of his nine siblings, and some of their children obtained permits to access the land via an agricultural gate that opens for 15 minutes in the morning and 15 minutes in the afternoon and that requires walking or riding an animal cart for a detour of four to six kilometers. A permit is required to drive a motorized car, other than farm equipment, through the gate. They cannot hire farm workers, because of the requirement of obtaining permits, and additional family members did not receive permits. They have now switched to growing olives, almonds, cactus, and grapes – crops that require less care.

Mas-ha and Elkana

Bank Mizrahi Tefahot is "accompanying" two new construction projects, "Ahdut Elkana" (Unity of Elkana), undertaken by the Israeli construction company Mishab, and "Mishkanot Elkana" (Elkana Dwellings), undertaken by the Israeli construction company Shoham, just across from the Palestinian village of Mas-ha.[63] The projects expand the built-up part of Elkana up to the separation barrier. They are being built on land that the Israeli military authorities declared to be state land, otherwise surrounded by privately owned Palestinian land, according to maps given to Kerem Navot by the Israeli military authorities and maps maintained by the Palestinian local authorities. According to the response that the Israeli Civil Administration sent to Human Rights Watch, the Israeli military authorities declared at

[63] A Human Rights Watch researcher called representatives of the construction companies marketing the projects, who relayed by telephone which banks were accompanying them. Human Rights Watch wrote to Mishhab, Shoham, and Mizrahi Tefahot to request copies of the agreements relevant to the projects but did not receive responses.

Bulldozers clear land for construction of the Ahdut Elkana project in the Israeli settlement of Elkana.
© 2018 Human Rights Watch

least part of the area state land in 2005. The nearest houses in Mas-ha are located a half kilometer from the projects. Mas-ha residents owning land in the area beyond the separation barrier must apply for permits from the Israeli military authorities, which allow them to access their land at two fixed times during the day, via an "agricultural gate" that is a 13-kilometer drive from the village.

Because the project is located inside a settlement, its housing units are off-limits to West Bank Palestinians, who are forbidden to enter settlements except as laborers bearing special permits. Similar to the case of Alfei Menashe, the separation barrier in the Elkana

area extends six kilometers into the West Bank at its deepest point, incorporating the nearby Israeli settlements on the "Israeli" side. Travel from Israel to Elkana is seamless, with no checkpoints or markers indicating crossing into the West Bank. Israel's Transportation Minister recently approved extending a light rail line from Israel to the Israeli settlement of Ariel, passing through the area of Elkana and possibly including a passenger station inside the settlement.[64]

The Aamer family of Mas-ha owns about 400-500 dunams (40-50 hectares) of land beyond the separation barrier, in parcels interspersed with the settlement construction, according to family members. A brother in the family, who declined to be identified by his first name for fear of retaliation, obtained a permit from the Israeli military to access his land but rarely uses it. Human Rights Watch reviewed the permit, which is given by the Israeli authorities to those they recognize as owning land beyond the separation barrier. Although the land is located just a half kilometer from the nearest house in Mas-ha and just two kilometers from his house, in order to access it he needs to make a two-hour, 20-kilometer detour, including walking along dirt paths, passing through the separation barrier in a designated agricultural gate that opens twice a day, for 15-30 minutes each time. He can only enter or leave during those designated times. He said that his family used to cultivate wheat, lentils, barley, almonds, and olives on the land, but now they cultivate 200 olive trees only, after the Israeli authorities uprooted 300 other olive trees and built roads and other structures on some of the land. They could no longer access the land sufficiently to tend to the other, more labor-intensive crops, he explained. Another brother in the family spoke with fondness of the time he spent on the land as a child, before the separation barrier was built, when he and his siblings planted olive trees and drank rainwater from a seasonal pool that formed in the bed of a natural rock formation.

The brothers say some of their land was taken over for use by the settlement, including road and home construction, apparently including an area that the Israeli authorities declared to be state land. Maps maintained by the Israeli military and provided to Kerem Navot indicate that part of the land that the brothers say belongs to them was declared state land in the 1980s and approved for the building of settlement homes and roads. Other plots of land remain presumptively registered to them in the Israeli records but are

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[64] Sonia Gorodeisky, "Yisrael Katz Approves Light Rail to Ariel," *Globes*, March 15, 2018, http://www.globes.co.il/en/article-katz-approves-light-rail-to-ariel-1001228030 (accessed April 17, 2018).

Agricultural gate in Mas-ha for Palestinian farmers bearing permits to access their land on the other side of the separation barrier at designated times. © 2017 Human Rights Watch

now interspersed with the settlement houses. The brothers recognized their land, they said, in a promotional video advertising the Mishkanot Elkana housing project. They have engaged a lawyer, they said, to try to stop the construction on at least part of their land.

The fact that some family members obtain permits from the Israeli authorities to access the land, as well as tax registration documents issued by the Israeli authorities and viewed by Human Rights Watch, mean that the Israeli authorities recognize that the Aamer family owns at least part of the land on the "Israeli" side of the barrier. Yet except for during the

New construction project in the Israeli settlement of Elkana, on land that members of the Aamer family of Mas-ha say belongs to them. © 2017 Human Rights Watch

ploughing and harvest season, the brothers said that they no longer go there, because the trip is too burdensome and the opening times for the gate are too restrictive.

The route of the separation barrier was fixed to incorporate Israeli settlements on the "Israeli" side, including the built-up part of the settlements at the time the route was determined (beginning in 2002) as well as lands within the municipal boundaries of the settlements where future construction was to be authorized, such as the areas on which "Amirei Nof" in Alfei Menashe and "Ahdut Elkana" and "Mishkanot Elkana" in Elkana are being built.[65] In a landmark Israeli Supreme Court case challenging the construction of the barrier inside the West Bank (as opposed to the parts of it built on the Green Line, the border between Israel and the West Bank), the Israeli government said that the barrier

[65] See H.C. 7957/04 Ma'arabe v. Prime Minister of Israel, 60(2) 477, para.19; B'tselem, "Under the Guise of Security – Routing the Security Barrier to Enable Israeli Settlement Expansion in the West Bank," December 2005, pp. 19-76, https://www.btselem.org/download/200512_under_the_guise_of_security_eng.pdf (accessed April 18, 2018).

route was dictated by security concerns, including the desire to protect Israeli settlers in the West Bank. Representatives of Palestinian landowners and human rights organizations disputed this claim, arguing that the barrier cut into the West Bank in order to facilitate the de facto annexation of Israeli settlements.[66]

Providing Mortgages to Home Buyers

Israeli banks also provide mortgage loans to home buyers in Israeli settlements. These buyers do not include Palestinian residents of the West Bank, who are not permitted to enter settlements except as laborers bearing special permits. For new construction projects, banks sometimes "pre-approve" a project, meaning they scrutinize the land registration and infrastructure development plans and then agree, in principle, to grant mortgage loans for buyers of that property, subject to approval of the loan application. Real estate agents told Human Rights Watch that the practice of banks "pre-approving" projects is more common when the infrastructure for a project has not yet been built, and so the bank will obtain assurances from the developer that the infrastructure needed to support the value of the home will be built. Under the terms of mortgage loans, the bank acquires an ownership interest in the settlement property and takes over the property in case of default on the loan, usually in order to sell it.

The seven Israeli banks that Human Rights Watch contacted did not respond to requests to provide information about the scope of mortgage loans they provide for settlement homes. However, Human Rights Watch obtained information about three projects that Mizrahi Tefahot "pre-approved" from conversations with the sales representatives marketing those projects. They appear in the text box below.

[66] H.C. 2056/04 Beit Sourik Village Council v. Government of Israel, P.D. 58(5) 807, June 30, 2004, para. 12.

Project Approval for Individual Mortgages

Name of Bank	Settlement	Construction Project	Description	Source of information about bank involvement
Mizrahi Tefahot	Dolev	"Pisgat Dolev"[67]	26-unit housing project	July 20, 2017 phone conversation with construction company representative. Bank has evaluated the project and approved it for individual mortgages, subject to approval of individual borrowers.
Mizrahi Tefahot	Avnei Hefetz	"Kedem"[68]	870-unit housing project marketed as a new settlement[69]	August 7, 2017 phone conversation with construction company representative. Bank has evaluated project and approved it for individual mortgages, subject to approval of individual borrowers.
Mizrahi Tefahot	Leshem	Kedma Bileshem[70]	42-unit housing project	August 9, 2017 phone conversation with marketing representative.

Bank Branches

According to information published by the Bank of Israel and the websites of the relevant banks, there are at least 16 branches of Israeli banks in six settlements in Area C, the area of the West Bank where most Israeli settlements are located, as the text box below shows.[71] This list includes all bank branches and one bank-run ATM but doesn't include ATMs maintained by operators other than banks.

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[67] Description on web site of company: http://www.h-shomron.com/projects/pisgat-dolev-dolev/ (accessed March 22, 2018).

[68] Description on company web site: http://yishuv.hzahav.co.il/ (accessed March 22, 2018).

[69] Additional description on web site marketing settlement real estate: http://www.goyosh.co.il/%D7%A4%D7%A8%D7%95%D7%99%D7%A7%D7%98%D7%99%D7%9D/%D7%A7%D7%93%D7%9D-%D7%94%D7%99%D7%99%D7%A9%D7%95%D7%91-%D7%94%D7%97%D7%93%D7%A9 (accessed March 22, 2018).

[70] Description on web site advertising real estate: http://www.my-community.co.il/project/572 (accessed March 22, 2018).

[71] "Supervisor of Banks, Finding a Bank Branch" (Hebrew), Bank of Israel, accessed March 12, 2018, http://www.boi.org.il/he/BankingSupervision/BanksAndBranchLocations/Pages/LocatingBankBranches.aspx.

Service Points

Name of Bank	Settlement	Type of Service Point	Source of Information
Bank Discount	Beitar Illit	Bank Branch (through its subsidiary, Bank Mercantile Discount	Bank of Israel database[72], Mercantile Discount web site, and Who Profits report
Bank Discount	Ma'aleh Adumim		Bank of Israel database, Bank Discount web site, and Who Profits report
Bank Hapoalim	Ariel	Bank Branch	Bank of Israel database, Bank Hapoalim web site, and Who Profits report
Bank Hapoalim	Beitar Illit	Bank Branch	Bank of Israel database, Bank Hapoalim web site, and Who Profits report
Bank Hapoalim	Ma'aleh Adumim	Bank Branch	Bank of Israel database, Bank Hapoalim web site, and Who Profits report
Bank Leumi	Kiryat Arba	Bank Branch	Bank of Israel database, Bank Leumi web site, and Who Profits report
Bank Leumi	Ma'aleh Adumim	Bank Branch	Bank of Israel database, Bank Leumi web site, and Who Profits report
Bank Leumi	Modi'in Illit	Bank Branch	Bank of Israel database, Bank Leumi web site, and Who Profits report
Bank of Jerusalem	Beitar Illit	Bank Branch	Bank of Israel database, Bank of Jerusalem web site, and Who Profits report
Bank of Jerusalem	Modi'in Illit	Bank Branch	Bank of Israel database, Bank of Jerusalem web site, and Who Profits report
Bank of Jerusalem	Ma'aleh Adumim	ATM	Bank of Israel database and Bank of Jerusalem web site

[72] Bank of Israel, Supervisor of Banks, Finding a Bank Branch (Hebrew), http://www.boi.org.il/he/BankingSupervision/BanksAndBranchLocations/Pages/LocatingBankBranches.aspx (accessed March 12, 2018).

FIBI	Ariel	Bank Branch (through its subsidiary, Bank Otsar Hahayal)	Bank of Israel database, FIBI web site, and Who Profits report
FIBI	Beitar Illit	Bank Branch (through its subsidiary, PAGI)	Bank of Israel database, FIBI web site, and Who Profits report
FIBI	Modi'in Illit	Bank Branch (through its subsidiary, PAGI)	Bank of Israel database, FIBI web site, and Who Profits report
Mizrahi Tefahot	Alon Shvut	Bank Branch	Bank of Israel database, Mizrahi Tefahot web site, and Who Profits report
Mizrahi Tefahot	Karnei Shomron	Bank Branch	Bank of Israel database, Mizrahi Tefahot web site, and Who Profits report
Mizrahi Tefahot	Ma'aleh Adumim	Bank Branch (through its subsidiary, Yahav Bank)	Bank of Israel database, Yahav Bank web site, and Who Profits report

Providing Loans to Settlement Regional and Local Councils

Settlement local and regional councils provide services to settlers that sustain settlements and encourage new residents to move in. These range from basic services like sanitation and education to more advanced services like recreation, tourism, arts, and culture in the larger settlements. West Bank Palestinians cannot access these services.

Bank loans are an important source of income for these municipalities and local and regional councils. In some cases, the Israeli Ministry of Interior provides guarantees for the loans, reducing costs to the borrower by reducing risks to the lender.[73] Local authorities can also partially offset the cost of the loans with additional governmental subsidies, because the Ministry of Interior calculates the "balance grants" it pays to local authorities

[73] See for example General Accounting Department, Israeli Ministry of Finance, "Giving Banking and Budgetary Credit to Local Authorities Undergoing Rehabilitation Plans" (Hebrew), http://mof.gov.il/AG/FinancingAndCredit/Pages/CreditlocalAuthorities.aspx (accessed March 12, 2018).

based in part on the local authority's budget deficit, which increases due to the borrowing costs. During a meeting on budgeting, a member of the Gush Etzion regional council, in the southern West Bank, described bank loans as "the only way to develop the council."[74] Bank loans are commonly used to finance "irregular budgets," budgets used for developing and expanding settlement infrastructure and facilities, as indicated from the minutes of meetings of settlement regional and local councils. These minutes refer to competitive bidding processes through which local authorities obtain financing.

A recent report by Who Profits[75] provided examples of loans and loan guarantees obtained by settlements, as the text box below details.

Loans to Settlement Authorities

Bank Name	Settlement Authority	Credit offered	Dates and Details	Source of information
Bank Discount	Gush Etzion Regional Council	Unspecified loan amount	In or after May 2016	Who Profits report and minutes of regional council meeting[76]
Bank Discount	Gush Etzion Regional Council	6 million NIS ($1.6 million) loan	In or after July 2014	Who Profits report and minutes of regional council meeting[77]
Bank Discount	Gush Etzion Regional Council	Apparently a 5 million NIS ($1.4 million) loan	In or after June 2015	Who Profits report and minutes of regional council meeting[78]

[74] Gush Etzion Regional Council, "Protocol of Ordinary Meeting No. 4 of the Gush Etzion Regional Council Plenary of 2014," April 28, 2014, p. 7 (Hebrew), https://www.baitisraeli.co.il/uploads/n/1490103947.7817.pdf (accessed March 12, 2018).

[75] Who Profits, "Financing Land Grab."

[76] Gush Etzion Regional Council, Minutes of Ordinary Meeting No. 4 of the Gush Etzion Regional Council Plenary of 2016, May 1, 2016, p. 7 (Hebrew), https://www.baitisraeli.co.il/uploads/n/1490170165.5761.pdf (accessed March 22, 2018).

[77] Gush Etzion Regional Council, Minutes of Ordinary Meeting No. 4 of the Gush Etzion Regional Council Plenary of 2014, April 28, 2014, pp. 6-7 (Hebrew), https://www.baitisraeli.co.il/uploads/n/1490103950.8061.pdf (accessed March 22, 2018); Gush Etzion Regional Council, Minutes of Ordinary Meeting No. 6 of the Gush Etzion Regional Council Plenary of 2014, July 6, 2017, p. 6 (Hebrew).

[78] Gush Etzion Regional Council, Minutes of Ordinary Meeting No. 6 of the Gush Etzion Regional Council Plenary of 2015, June 28, 2015, pp. 10-15 (Hebrew), https://www.baitisraeli.co.il/uploads/n/1490168088.5762.pdf (accessed March 22, 2018).

Bank Discount	Hebron Hills Regional Council	4.8 million NIS ($1.3 million) loan and a 605,000 NIS ($178,000) loan	In or after March 2016, via its subsidiary, Mercantile Discount Bank	Who Profits report and minutes of regional council meeting[79]
Bank Hapoalim	Megilot Dead Sea Regional Council	1.5 million NIS ($410,000) loan	In or after July 2014	Who Profits report and minutes of regional council meeting[80]
Bank Hapoalim	Megilot Dead Sea Regional Council	2 million NIS ($550,000) loan for development	In or after June 2016	Who Profits report and minutes of regional council meeting [81]
Bank Leumi	Binyamin Regional Council	10.9 million NIS ($3 million) loan for sewage project	In or after February 2015	Who Profits report and minutes of regional council meeting[82]
Bank Leumi	Gush Etzion Regional Council	5 million NIS ($1.4 million)	In or after May 2016	Who Profits report and minutes of regional council meeting[83]
Bank Leumi	Hebron Hills Regional Council	2.5 million NIS ($685,000) loan for sewage project	In or after June 2015	Who Profits report and minutes of regional council meeting [84]

[79] Hebron Hills Regional Council, Minutes of Assembly Meeting 1/16, March 1, 2016, sec. 5 (Hebrew), http://www.hrhevron.co.il/uploads/n/1459930514.6815.pdf (accessed March 22, 2018).

[80] Megilot Dead Sea Regional Council, Minutes of Regional Council Meeting 7/2014, July 3, 2014, p.2 (Hebrew), http://www.dead-sea.org.il/dead-sea.org.il/originals/%D7%A4%D7%A8%D7%95%D7%98%D7%95%D7%A7%D7%95%D7%9C%20%D7%9E%D7%9C%D7%99%D7%90%D7%94%202014%20-7.pdf (accessed March 22, 2018).

[81] Megilot Dead Sea Regional Council, Minutes of Regional Council Meeting 5/2016, June 2, 2016, sec. 4(e) (Hebrew), http://www.dead-sea.org.il/dead-sea.org.il/originals/%D7%A4%D7%A8%D7%95%D7%98%D7%95%D7%A7%D7%95%D7%9C%205%202016.pdf (accessed March 22, 2018).

[82] Binyamin Regional Council, Summary of Assembly Decisions No. 1, February 25, 2015 (Hebrew), http://www.binyamin.org.il/uploads/n/1488113472.2180.pdf (accessed March 22, 2018).

[83] Gush Etzion Regional Council, Minutes of Ordinary Meeting No. 4 of the Gush Etzion Regional Council Plenary of 2016, May 1, 2016, p. 7 (Hebrew), https://www.baitisraeli.co.il/uploads/n/1490170165.5761.pdf (accessed March 22, 2018).

[84] Hebron Hills Regional Council, Minutes of Assembly Meeting 5/15, June 30, 2015, p.5 (Hebrew), http://www.hrhevron.co.il/uploads/n/1459930512.8889.pdf (accessed March 22, 2018).

Igud Bank	Kedumim Local Council	970,000 NIS ($277,000) in loan guarantees	In or after November 2012	Who Profits report and minutes of local council meeting[85]
Mizrahi Tefahot	Alfei Menashe Local Council	1.5 million NIS ($410,000) loan	In or after June 2014	Who Profits report and minutes of local council meeting from June 29, 2014[86]
Mizrahi Tefahot	Hebron Hills Regional Council	4.865 million NIS ($1.3 million), including 4.8 million NIS lent at an unspecified date and 65,000 NIS approved by the Council in June 2015, for sewage project	Additional funds lent in or after June 2015	Who Profits report and minutes of regional council meeting[87]
Mizrahi Tefahot	Kedumim Local Council	250,000 NIS ($68,000) in loan guarantees	In or after November 2012	Who Profits report and minutes of local council meeting[88]
FIBI	Alfei Menashe Local Council	670,000 NIS loan ($190,000)	In or after September 2014 (through its subsidiary, Bank Otsar Hahayal)	Who Profits report and minutes of local council meeting from September 16, 2014[89]
FIBI	Kedumim Local Council	100,000 NIS ($27,000) in loan guarantees	In or after November 2012	Who Profits report and minutes of local council meeting [90]

[85] Kedumim Local Council, Minutes of Assembly Meeting, No. 8/12, November 15, 2012, p. 1 (Hebrew), http://www.kedumim.org.il/_Uploads/dbsAttachedFiles/2608.pdf (accessed March 25, 2018).

[86] Alfei Menashe Local Council, Minutes of Extraordinary Meeting No. 16, June 29, 2014, Pp. 2-4 (Hebrew) (on file with Human Rights Watch).

[87] Hebron Hills Regional Council, Minutes of Assembly Meeting 5/15, June 30, 2015, p.5 (Hebrew), http://www.hrhevron.co.il/uploads/n/1459930512.8889.pdf (accessed March 22, 2018).

[88] Kedumim Local Council, Minutes of Assembly Meeting, No. 8/12, November 15, 2012, p. 1 (Hebrew), http://www.kedumim.org.il/_Uploads/dbsAttachedFiles/2608.pdf (accessed March 25, 2018).

[89] Alfei Menashe Local Council, Minutes of Extraordinary Meeting No. 20, September 16, 2014, pp. 1-5 (Hebrew), https://www.alfe-menashe.muni.il/uploads/n/1481456583.8108.pdf (accessed April 2, 2018).

[90] Kedumim Local Council, Minutes of Assembly Meeting, No. 8/12, November 15, 2012, p. 1 (Hebrew), http://www.kedumim.org.il/_Uploads/dbsAttachedFiles/2608.pdf (accessed March 25, 2018).

IV. Businesses' International Human Rights Responsibilities

The United Nations Guiding Principles on Business and Human Rights require businesses to conduct due diligence, to determine whether their activities contribute to or benefit from serious human rights abuses or violations of international humanitarian law standards. It is Human Rights Watch's view that such diligence would show that banking activities in or with settlements contribute to serious abuses in many ways: for example, they contribute to building, buying, and selling homes on unlawfully seized land; they provide support to local councils that provide services to Israelis but not to West Bank Palestinians in settlements whose existence is a justification for severe restrictions on Palestinian freedom of movement; and they establish service points on Palestinian land that is off-limits to Palestinians. By facilitating expansion of settlements, these banking activities facilitate unlawful population transfers.

Of particular concern is the acquisition of property by banks, including the housing projects and individual homes in which they acquire an ownership interest as part of "accompanying agreements" with developers and individual mortgage loans. Businesses have a responsibility to respect not just human rights but also the principles of international humanitarian law, which, among other things, protect the property rights of those living under occupation.[91] The International Committee of the Red Cross (ICRC) has expressed concern about the possibility that, in situations of conflict, businesses would acquire property without the consent of its owners. According to its guidance to businesses operating in conflict zones:

> Business enterprises which operate in conflict zones must apply heightened managerial care to ensure that they are not acquiring resources

[91] United Nations Guiding Principles on Business and Human Rights, adopted March 21, 2011, UN Doc. A/HRC/17/31, Commentary to Principle 12.

> and property without the freely given consent of the owner. They may otherwise be accused of taking part in pillage.[92]

The ICRC guidance notes that the prohibition against pillage applies not just to acquisition by force but also to acquisition obtained due to an imbalance of power stemming from the surrounding armed conflict.[93] Israel has designated huge swaths of land, including private property, as "state land" in the West Bank. The laws of belligerent occupation allow an occupying power to act as custodian of public lands during the occupation and to use them only for the benefit of the local population or for its military needs. Even genuine "state" land cannot be used for the benefit of Israeli civilians, and ownership of it reverts back to the Palestinian inhabitants of the territory at the conclusion of the occupation.

Human Rights Watch has analyzed Israeli domestic law and found that, contrary to claims by Israeli banks, it does not require banks to provide most of the services they provide in settlements.[94] The very partial mapping of these activities provided here – partial, because the banks have declined to disclose publicly the scope and extent of their settlement-related activities – suggests that services are offered commensurate with business considerations. For example, banks choose to establish bank branches in larger settlements that serve as regional hubs, where they are most accessible to potential customers. They compete to provide loans to local authorities. They determine which construction projects they choose to accompany. The banks appear to be making business decisions, but it is Human Rights Watch's view that these decisions are contrary to their human rights responsibilities.

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[92] International Committee of the Red Cross, *Business and International Humanitarian Law: An Introduction to the Rights and Obligations of Business Enterprises under International Humanitarian Law*, p. 22, https://shop.icrc.org/les-entreprises-et-le-droit-international-humanitaire-introduction-aux-droits-et-obligations-des-entreprises-au-regard-du-droit-international-humanitaire-2574.html (accessed March 12, 2018).

[93] For example, the value of privately owned land to its Palestinian owners plummets when the Israeli authorities impose travel restrictions or erect physical barriers that render such land partially or entirely off limits to its owners. Thus, concerns about pillage could arise even in cases in which Palestinian owners signed contracts selling their land for settlement use.

[94] Human Rights Watch, *Israeli Law and Banking in West Bank Settlements*, September 12, 2017, https://www.hrw.org/news/2017/09/12/israeli-law-and-banking-west-bank-settlements.

Annex: Correspondence between Human Rights Watch and the Israeli Civil Administration Regarding Status of the Land on which New Houses Are Being Built

Sari Bashi

From:	Sari Bashi
Sent:	Monday, February 19, 2018 12:00 PM
To:	[redacted]
Subject:	Questions regarding status of land in Alfei Menashe, "Amirei Nof" Project
Attachments:	Map of civil admin question-amieri.nof.pdf; registration block 39-parcel 7.jpg

Greetings,
I am contacting you with a request for information about the status of land where a new project is under construction in Alfei Menashe. The information is requested for the purpose of a report currently being prepared by Human Rights Watch, which analyzes the activities of Israeli banks in West Bank settlements in the context of their human rights and humanitarian law responsibilities.

Human Rights Watch is an independent nongovernmental organization that monitors and reports on human rights in 90 countries around the world. Our Israel and Palestine team researches and reports human rights violations by Israel, the Palestinian Authority and Hamas.

Please find my questions below:

1. A construction project implemented by the Zemah Hamerman company, "Amirei Nof", is currently underway in "Giv'at Tal" in Alfei Menashe.
    a. Does the project comply with an approved zoning plan? If so, according to which plan and when was the plan approved?

b. Maps in the possession of the Civil Administration, which had been forwarded to Israeli organization Kerem Navot indicate that Amieri Nof is being built in an area declared state land in 1980. However, according to the maps, it appears that the eastern section of the area was removed from the state land declaration in 2014 by the Blue Line Team. Attached please find a copy of the map marking the area that was removed from the declaration. The main coordinate in this particular area is 202177/674758. Was this section in fact removed from the state land declaration? If so, why? Is this privately-owned land? What is the status of this area? Is construction permitted in this area according to the Israeli authorities?

2. Parcel 7, Block 39, marked on the attached map, is located near the area in which the "Alfei Menashe" project is being built. According to Civil Administration maps, part of this area was declared state land in 1980, and homes had been built there. Taxation records, attached herewith, list the Suliman family of the village of 'Azzun as the registered owners of Parcel 7, Block 39. If this is the case, why has part of the area been declared "state land"?
3. In the northern part of Elkana, near the village of Mas-ha, two housing projects are underway, "Ahdut Elkana" (coordinates 32.114908, 35.040838), implemented by Mishab and "Mishkenot Elkana" (coordinates 32.111000, 35.040710) by Shoham. According to the Civil Administration maps, these projects are being built in an area declared as state land. What year was the declaration made?

Please provide your response to these questions no later than March 7, 2018, so that we can reflect it in our publication. Please contact me with any questions you may have or requests for clarification at: [redacted]
Please confirm receipt of this e-mail.
Sincerely,
Adv. Sari Bashi
Israel and Palestine Advocacy Director at Human Rights Watch
[redacted]
Skype: [redacted]
Mobile phone: [redacted]
Twitter: @saribashi

-unclassified-

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[emblem]

Israel Defense Force
Civil Administration
Judea and Samaria Area
Public Liaison
Freedom of Information - 45571

14 Iyar 5778
29 April 2018

To
Adv. Sari Bashi
by email: [redacted]

Re: Your letter regarding construction in Alfei Menashe – Response of Civil Administration Judea and Samaria Area

Ref: Yours dated February 19, 2018

1. We hereby confirm receipt of your letter regarding the matter in reference. Please see the response of the Civil Administration Judea and Samaria Area:
   a. An inquiry we conducted with respect to the Nofei Amirim project indicates that the land in question is administered by the Supervisor of Government and Abandoned Property. Construction is permitted inasmuch as it complies with the plan approved for the area in 1997.
   b. Noting that the taxation records do not include maps, we were unable to locate the property which is the subject of your letter. Inasmuch as you wish us to conduct a repeat inquiry, please provide us with the taxation records as well as an aide on which the plot is marked.
2. FYI

Sincerely,
[signed]
Bar Naorani, Captain
Public Liaison Officer

Office of the Head of the Civil Administration

CC:
Head of the Civil Administration
Bureau Chief, Civil Administration
Head of Infrastructure Section

Public Liaison Section, Civil Administration, Judea and Samaria Area – Tel: [redacted],
[redacted]
Fax: [redacted], Email: [redacted]

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[emblem]

Israel Defense Force
Civil Administration
Judea and Samaria Area
Public Liaison
Freedom of Information - 45573

14	Iyar	5778
29	April	2018

To
Adv. Sari Bashi
by email: [redacted]

Re: Your letter regarding construction in Elkana – Response of Civil Administration Judea and Samaria Area

Ref: Yours dated February 19, 2018

3. We hereby confirm receipt of your letter regarding the matter in reference. Please see the response of the Civil Administration Judea and Samaria Area:
   a. An inquiry we conducted with respect to the two sets of coordinates indicated in your letter, we note that with respect to coordinates 32.1114908, 35.040838, the declaration was made in 2005.
   b. With respect to coordinates 32.111000, 35.040710, we note that this is an open area that does not match the description in your letter according to which construction is underway at that location. Inasmuch as you were referring to the line of houses located northwest of the above coordinates, there is a valid zoning plan which is included in the area mentioned in the seizure order for the settlement.
4. FYI

Sincerely,

[signed]
Bar Naorani, Captain
Public Liaison Officer
Office of the Head of the Civil Administration

CC:
Head of the Civil Administration
Bureau Chief, Civil Administration
Head of Infrastructure Section

Public Liaison Section, Civil Administration, Judea and Samaria Area – Tel: [redacted],
[redacted]
Fax: [redacted], Email: [redacted]

45573

(left) Construction of Amirei Nof housing project in Israeli settlement of Alfei Menashe.

(front cover) A road near the Israeli settlement of Dolev, where a gate blocks Palestinians from the nearby village of Ein Qinya from driving to the main road.

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Israeli banks are providing services that help support and expand settlements by financing their construction in the occupied West Bank, including partnering with developers to build homes on land unlawfully seized from Palestinians. The banks' involvement is substantial: they acquire a property interest in the development projects and shepherd them through to completion.

Bankrolling Abuse: Israeli Banks in West Bank Settlements argues that these activities contradict the responsibilities of the banks to avoid contributing to serious abuses of human rights or international humanitarian law. Furthermore, land seizure policies by the Israeli military make it difficult to ascertain whether the owners of the land used by banks have freely given their consent, raising concerns about pillage under international law.

Israeli banks provide loans to settlement authorities and mortgage loans to home-buyers in settlements and operate branches there. But, as the report shows, banks do not offer these services to Palestinians, because settlements are off-limits to West Bank Palestinians.

Settlements are unlawful under international humanitarian law, and the transfer of Israeli civilians into the West Bank constitutes a war crime. Settlements contribute to a discriminatory regime in which Israeli authorities expropriate Palestinian land, usurp Palestinian resources, forcibly displace Palestinians, and restrict and stunt Palestinian economic development, while subsidizing and supporting Israeli settlements. International humanitarian law forbids an occupying power from using land except for military purposes or for the benefit of the local population living under occupation.

This report recommends that, in order to comply with their human rights responsibilities, banks should cease settlement-related activities.

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