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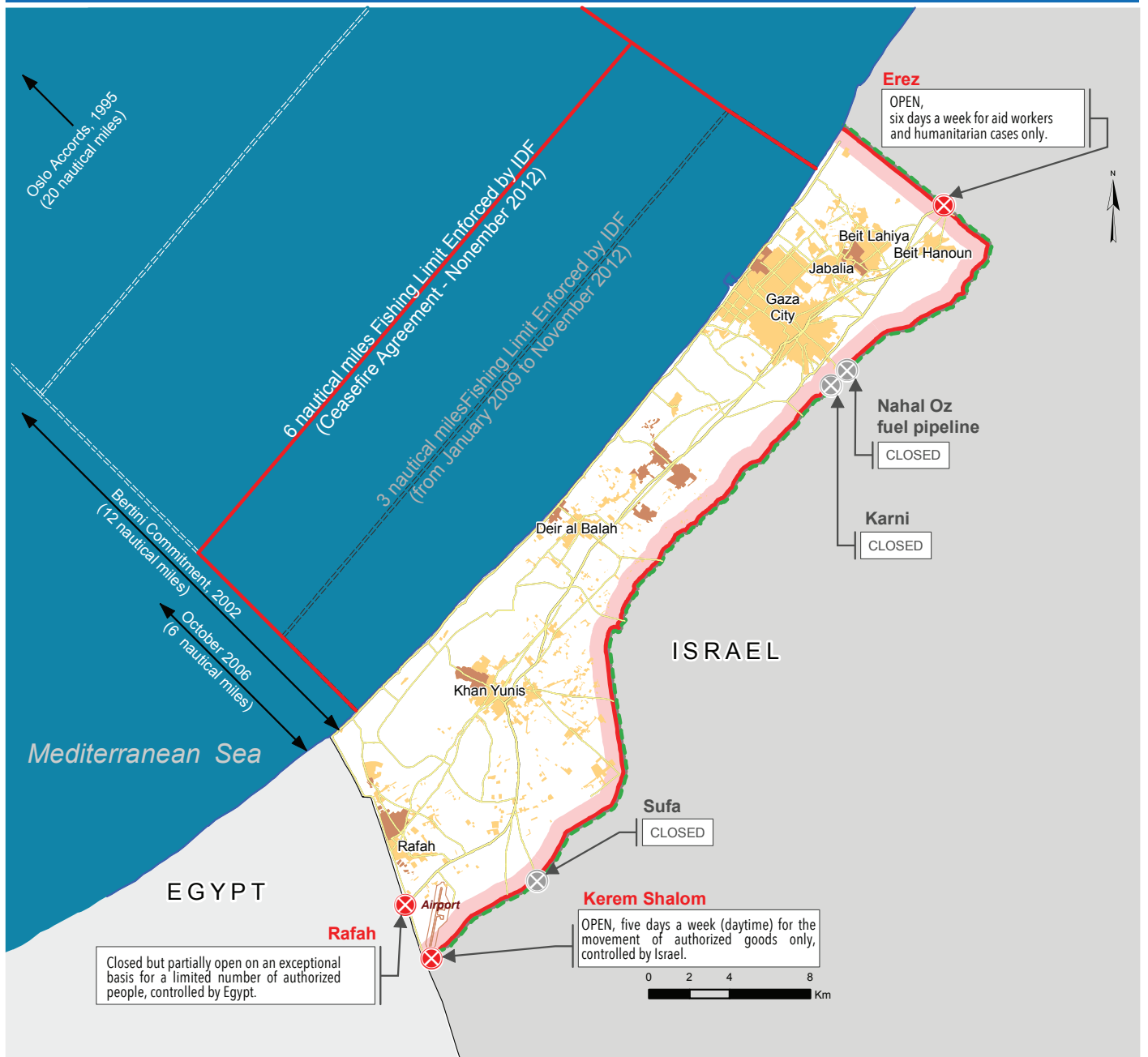
GAZA:

TWO YEARS AFTER

Shuja'iyyeh neighbourhood of Gaza City, March 2015.

© Photo by OCHA


United Nations Country Team in the State of Palestine
26 August 2016



-  Crossing Point
-  Closed Crossing Point

-  No-Go Zone
-  High Risk Area

-  Current Fishing Limit
-  Previous Fishing Limit
-  Green Line

-  Built-up Area
-  Refugee Camp

Introduction

Two years have passed since the 26 August 2014 ceasefire which ended the most devastating round of hostilities in Gaza since the beginning of the Israeli occupation in 1967. During those 51 days, at least 2,220 people were killed, of which 1,460 are believed to be civilians, including 11 United Nations (UN) personnel. Another 11,231 people were injured, of whom 899 people were permanently disabled. Children accounted for more than a quarter of all deaths and a third of those injured. Half a million people - 28% of Gaza's population - were displaced due to the fighting, and even as hostilities subsided, over 18,000 families - 100,000 people - were unable to return as their homes had been heavily damaged or completely destroyed.

The vast majority of the 1.9 million people living in Gaza were affected by the hostilities and the large-scale damage to infrastructure. In the two years since the end of the hostilities, the UN has worked closely with the Palestinian government, local communities and the private sector – as well as with other parts of the international community, including NGOs, the World Bank and Member States - to promote reconstruction and recovery in Gaza.

This paper provides a snapshot of the progress made in the last two years as well as the main challenges in the

recovery and reconstruction effort, from the perspective of the UN Country Team in the State of Palestine. The report examines the wider imperative of reversing Gaza's current development trajectory and of responding to the residual humanitarian needs of a population that in the past decade has experienced a number of military operations and had to deal with the impact of living under an Israeli blockade, restricting the movement of people as well as goods and affecting every aspect of daily life in the Gaza Strip.



Palestinian boy sleeping inside his destroyed home in the Shuja'iyyeh neighbourhood of Gaza City, September 2015.

Progress and Challenges

The Detailed Needs Assessment and Recovery Framework for Gaza (DNA), published by the Government of the State of Palestine, and developed with support of the UN, the World Bank and the European Union, outlines the damages and losses incurred during the 2014 hostilities and sets out a US\$3.9 billion framework for reconstruction and recovery in five key sectors: Infrastructure; Productive Sector; Livelihoods and Social Protection; Social Development; and Governance¹.

The Government of Palestine, through the National Office for the Reconstruction of Gaza (NORG), is leading the implementation of the DNA, while the UN and other partners provide support to move the reconstruction and recovery framework forward and to address challenges on the way. UN support has thus far included a wide range of interventions, including direct implementation, technical guidance and training, facilitation of dialogue and advocacy to address access and coordination challenges, direct funding as well as fundraising.

The infrastructure sector of the DNA requires \$1.4 billion to address damages and losses related to housing, energy and water facilities as well as removal of rubble and disposal of explosive ordinances. The reconstruction and recovery framework in this sector emphasizes not only the physical infrastructure repairs required but also the importance of transparent, inclusive, community-based recovery and technical support to systems and governance. At the two year mark, progress has been more focused on the 'hard' elements such as housing repair, reconstruction and cash assistance, whereas other components such as spatial and urban planning, technical and legal assistance as well as information management, have received modest attention, despite being integral to a sustainable recovery.

Spatial and urban planning is fundamental to sustainable recovery and development in Gaza and is an enabler for activity in other sectors. Large-scale destruction in urban areas, the existing high population densities in urban areas, continued rapid population growth, and the scarcity of land available for productive use, are key factors influencing the reconstruction, recovery and future sustainability of Gaza. Participatory spatial and urban planning processes to guide reconstruction efforts enable a more sustainable approach grounded in the priorities of the communities, which takes into account the need for public space, efficient placement of infrastructure, improved connectivity for economic development and environmental issues such as mobility and water scarcity. However despite the high priority of urban planning in the DNA, to date, master and neighbourhood

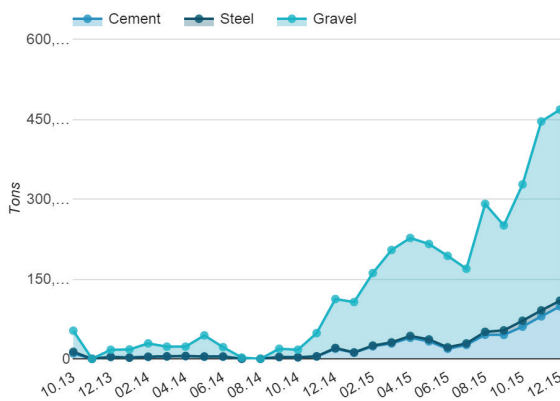
planning has been developed for one municipality (Khuza'a) only, and is currently under way for another five. Of the remaining 19 municipalities in Gaza, 10 are among the most affected by the 2014 hostilities and are in urgent need of spatial plans to guide reconstruction and to shape future recovery and development. A spatial planner will be joining NORG in September 2016 to help move neighbourhood planning forward whilst the expansion of the municipal-level initiatives is also forecasted.

Repair and reconstruction of damaged and destroyed houses is underway in all five governorates (North Gaza, Gaza, Deir al-Balah, Khan Younis and Rafah). Repair of houses with minor and major damages, which are still inhabitable, has made significant progress with 50% having been completed, while work is ongoing for another 12%. Most of these repairs were undertaken in the first year after the hostilities however and little additional funding has been received since to undertake repairs to the remaining almost 60,000 homes. Reconstruction of severely damaged or destroyed houses, which are uninhabitable, made significant progress only in 2016, following preparatory work including rubble removal, documentation and establishment of land and property rights. More than 30% of these houses have now been completed, while work is ongoing on another 30% and funding has been secured for a further 14%². Reconstruction has been delayed partly due to restrictions on access to cement, particularly in April and May 2016, but also due to an outstanding funding gap for 4,800 totally-destroyed houses. This is in addition to the pre-existing housing shortage of up to 75,000 housing units even before the 2014 hostilities.³

Following the 2014 hostilities, 100,000 people were displaced as their homes were destroyed or severely damaged; of these, 65,000 remain displaced and continue to need humanitarian assistance, including temporary shelter cash assistance. While funding was made available for this kind of assistance throughout 2015, lack of funding in 2016 has meant that over 7,500 families are without any support in the second half of this year.

Significant progress has also been made on the physical repair of damages to energy and water facilities. Repairs of almost all water, wastewater and energy networks and facilities that were damaged in 2014, have either been completed or are underway. However, the impact of the physical repair of damaged assets is hampered by the scale of Gaza's chronic water and energy shortage which predated the war. Still today, only 45% of Gaza's energy needs are being met, resulting in 16-18 hours of power cuts

Entrance of construction materials



each day. Insufficient power supply also means that 70% of Gaza's population only have piped water supplies for 6-8 hours every 2-4 days. In addition, the energy shortage is a major obstacle to the adequate operation of water and wastewater facilities, threatening to further erode Gaza's ground water resources, of which only 5% remain potable.

Removal of rubble and disposal of explosive ordinances are prerequisites for any infrastructure repair and reconstruction. Following the 2014 hostilities, it was estimated that 2 million tons of rubble would have to be removed and crushed. The UN has removed more than one million tons of rubble, while the private sector and home owners are estimated to have removed about 800,000 tons more. The presence of explosive hazards in debris of destroyed or damaged infrastructure makes clean-up efforts extremely dangerous. The UN has assisted in the safe clearance of more than 3,300 explosive ordinances and provided risk education to more than 50,000 people at-risk including humanitarian staff.

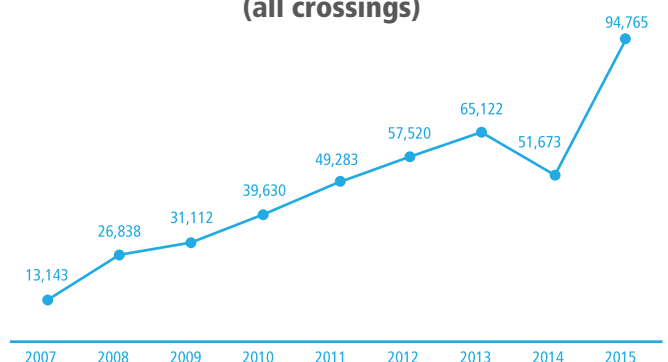
The productive sector of the DNA requires \$602 million to address damages and losses related to both agricultural and non-agricultural production. Progress in this sector has been particularly slow. In the agricultural sector, less than 20% of destroyed greenhouses and tree orchards have been rehabilitated, while less than 50% of water wells, ponds and tanks have been reconstructed. The main challenges to the rehabilitation of the agricultural sector are funding and access restrictions. Only 20% of the \$266 million needed to address the damages to agricultural assets have been secured. Moreover, the fact that both the pipes needed for the reconstruction of green houses and quality fertilizers are considered 'dual use' items by Israel (ie. potentially for civilian or military use), adds to delays in reconstruction and recovery of the sector. To fully harness the productive capacity of Gaza's agricultural sector, the current restriction on exports – including transfers to the West Bank - must be addressed, including by improving the conditions for exporting fresh produce and allowing a larger quantity of produce to be exported to Israel⁴ and delivered to the West Bank on a more predictable basis. For example, following an outright ban, the delivery of strawberries from the Gaza Strip to the West Bank was allowed to resume at the rate

of 150 tons per month; however as the agreement was announced in January 2016 during the strawberry harvest season, farmers were not able to plan their harvest to produce sufficient quantities to take full advantage of the removal of restrictions.

The non-agricultural productive sector includes industry, services and trade and has also seen very little investment over the past two years. The physical damage to facilities in this sector alone amounted to \$152 million affecting 5,153 economic facilities. Two years after the hostilities, a funding gap remains of \$120 million for the repair of damages alone, and new investments to make up for economic losses have been negligible. Currently, major industries and private sector companies are employing less than 40% of the labour force they employed prior to July 2014⁵. The UN is conducting a comprehensive survey of the businesses affected during the 2014 hostilities to assess their present situation in terms of compensation, repair, operations and employment. Preliminary findings indicate that many companies applied for loans from local banks to reconstruct factories damaged during the hostilities and to resume their operations, hoping that they would eventually receive financial compensation for their losses; many of these companies are currently facing difficulties repaying their loans.

Through emergency programmes, the UN has supported the creation of more than 50,000 temporary jobs in Gaza over the past two years. However, cash for work programmes and other internationally-subsidized job creation schemes will not be able to sustain development in Gaza, where more than 40% of the population and 60% of youth are unemployed. Any sustainable solution must include a review of the current access restrictions, both on people and goods. The reduction in permits for businessmen to travel to the West Bank or beyond, with reports that permits have been revoked for 1,500 traders and 160 businessmen⁶, has reduced their ability to promote their businesses, develop contacts with subcontractors and meet with customers. Similarly, delays and impediments imposed by Israel on importing items necessary for industrial production, including raw material and technical equipment and restrictions on exports

Imports of goods/trucks per year (all crossings)



are limiting business potential in Gaza. For example, while exports of furniture to Israel - a significant component of pre-2007 exports - were reportedly approved by the Israeli authorities earlier this year, implementation remains stalled, partly due to the recent Israeli ban on imports into Gaza of wood planks thicker than one centimetre, citing security reasons.

The livelihoods and social protection sector of the DNA requires \$763 million to address the immediate needs of the most vulnerable, including those who are internally displaced, food insecure, have special needs or are otherwise marginalized and in need of social services or protection. The UN and partners are providing assistance, including through the Humanitarian Response Plan, to help address the needs of the most vulnerable and to build local capacities to deliver social services. UNRWA continues to provide direct services, such as food, education, health care and psycho-social support to 1.3 million Palestine refugees in Gaza, while other agencies are providing services, including IDP registration, food assistance (both in-kind and through cash transfers), psycho-social and legal support and training for conflict-affected women and girls.

Funding remains the main concern in the livelihoods and social protection sector, with the Humanitarian Response Plan being significantly more underfunded this year than at the same time last year (32% vs. 50% last year). Moreover, while the DNA is not a humanitarian plan, the main emphasis under livelihoods and social protection to date has been on service delivery rather than on strengthening local capacities.

The social development sector of the DNA requires \$546 million to address damages and losses in health care, education and culture. Significant progress has been made in the physical reconstruction of damages, particularly hospitals and schools, however ensuring adequate capacity, equipment and staffing to deliver adequate services at the facilities remain a significant challenge.

The 78 hospitals and primary health care clinics (PHCC) which were partially damaged during the 2014 conflict have all been repaired, while work is ongoing to reconstruct the three clinics that were totally destroyed. Reconstruction of one of these clinics has been hampered, however, by lack of Israeli approval for construction material due to the clinic's location⁷. Funding of \$1.5 million was recently secured to begin reconstructing the first stage of the Al-Wafa hospital, which was the only hospital totally destroyed during the war. An additional \$11 million will be needed to complete the reconstruction, which would enable Al-Wafa hospital to return to full capacity of treating 1,000 patients a month. The cumulative erosion of health infrastructure over recent years has resulted in an increased demand for referrals

outside of the Gaza Strip. There is an urgent need to focus on comprehensive master-planning for the health sector to ensure affordability, sustainability, quality and equity of service delivery.

During the 2014 hostilities, 252 schools were damaged while seven schools were completely destroyed⁸. All damaged schools have been repaired and are fully operational, the completely-destroyed UNRWA school has been reconstructed, and work is currently ongoing on the remaining six destroyed schools. Of the 14 higher education institutions affected by the hostilities, four have been repaired and work is ongoing on another seven. Meanwhile, 7,000 students whose homes were destroyed during the hostilities have faced difficulties to complete their studies as the \$21 million requested through the DNA to cover their fees, have not been made available. In addition, 274 Kindergartens were damaged out of which only 180 have been repaired. Even prior to the hostilities, Gaza was already suffering a significant lack of adequate education facilities for accommodating student enrolment and its natural growth, leading to over-crowding and double shifts.

Twenty-two cultural heritage sites were reported damaged during the 2014 hostilities, while another 33 cultural institutions suffered losses due to damaged premises and working instruments. To date, the UN has fully rehabilitated two cultural heritage sites and provided technical support for the rehabilitation of three mosques. Support has also been given to train local experts on rehabilitation of cultural heritage sites and to facilitate exhibitions for artists who suffered losses due to the hostilities. No funding has been received for the cultural reconstruction and recovery programmes; without support for professional rehabilitation, damage to the sites risks becoming irreversible.

The governance sector of the DNA requires \$581 million to repair damages to municipal facilities and support government operations in Gaza. Almost 60% of the requested funds (\$344 million) were for salaries to civil servants recruited by the 'de facto' authorities who are not receiving full salaries. With limited funding to recover and rebuild damaged municipal infrastructure, local government units are facing difficulties in delivering essential quality services. While the UN is supporting the Government's NORG, which is leading the coordination of the implementation of the DNA and related activities, the work under the governance sector falls within the purview of the Government of Palestine. The internal Palestinian divide continues to impede a comprehensive agenda for government operations and services while the lack of a resolution to the longstanding salary crisis affects tens of thousands of public employees in Gaza and impairs the delivery of basic services.

ECONOMY AND LIVELIHOODS:

Reversing Gaza's development trajectory

Addressing the reconstruction and recovery needs following the 2014 hostilities in Gaza needs to be seen against the backdrop of a continuing process of de-development across the Gaza Strip as a result of multiple rounds of hostilities, nine years of the Israeli blockade, the almost continuous closure of the Rafah passenger crossing by Egypt and internal Palestinian divisions. Even reconstructing the Gaza Strip to pre-July 2014 standards will be far from sufficient to meet the significant humanitarian and developmental needs of the people in the Gaza Strip. Already before the war, seven years of blockade had prevented Gaza from developing a viable economy, infrastructure and social services to adequately serve the 1.9 million people living there. The World Bank reports an increase in GDP of only 2% over the last 20 years, with a current GDP per capita of US\$463.6 in the Gaza Strip vs US\$922.7 in the West Bank⁹.

Since 2006, the economy of Gaza has been in constant decline. After skyrocketing to more than 47% during the 2014 hostilities, unemployment in Gaza declined to 41.7% by the end of the second quarter of 2016, as the reconstruction process started to pick up and private firms began to rebuild their capacity.¹⁰ However, unemployment in the Gaza Strip remains twice as high as that in the West Bank, making the local population highly dependent on international aid and assistance. Unemployment among Palestinian youth is particularly critical as they represent around 60% of the quarter million unemployed people in the Gaza Strip. In addition to low labour demand, women also continue to face challenges to join the labour force and the female participation rate is around 21.7%, with an unemployment rate of 65.3%.¹¹

Given limited economic opportunities, existing industries and business enterprises in the Gaza Strip are facing critical challenges. The manufacturing industry formerly employed a substantial portion of the local population.

Areas of production included garments, textiles, food processing, furniture and other tradable goods. However, since the imposition of the blockade in 2007, the import of raw materials and exports of final products have been significantly curbed. Along with the restriction of goods, the mobility of people - including business and private sector experts - have reduced access to the Gaza market, drastically lowering business opportunities in Gaza. In particular, the blockade has separated and isolated Gaza from the private sector growth and reform that has been witnessed across the West Bank in the past decade.

Similarly, the agriculture and fishing industry of the Gaza Strip have been significantly impacted by both the Israeli blockade and military operations. Like other parts of Palestine, agriculture across the Gaza Strip was previously the backbone of the local economy. Historically, the Gaza Strip was a major exporter of fruits and vegetables to the West Bank and Israel. In fact, it was a leader in the citrus and fruit production that was traded across Palestine and regionally. The Gaza Strip's agriculture sector formerly employed at least 60,000 workers. Currently, it is estimated that about 25,000-35,000 people work in the agriculture sector in Gaza, where the overall labour participation figure is 488,100;¹² a figure that has been in consistent decline over the last decade and particularly since the 2014 hostilities.

Prior to the 2014 hostilities, there were already specific challenges for both small-scale farming communities and export oriented private sector companies that reduced access to both key infrastructure and to build and expand agricultural activities. One way in which the agricultural economy of Gaza is reduced is the enforcement of a 100-300 meter restricted zone along the perimeter fence between Gaza and Israel, which severely limits access to land resources, as well as additional obstacles to operations in the Access Restricted Area, which can include land within

1,500 meters of the fence. Similarly, other agricultural inputs, including water, fertilizers, pesticides and seeds are all difficult to access for farmers in Gaza.

Construction and related activities including rubble removal and the rehabilitation and reconstruction of damaged and destroyed houses and public infrastructure employ at least 4,000 people. With barriers to reconstruction and recovery, this area is particularly fragile and inconsistent with respect to access to key goods, materials and tools. In light of the destruction of public and private infrastructure, the overall real estate market has experienced severe abnormalities. Due to the shrinking access to land and property, as well as outdated spatial and urban plans and building regulations that restrict densification and planned city extension, housing and land costs are high in relation to the economic opportunities across the Gaza Strip. Existing land owners are often mortgaging or leasing their property to raise resources to support their livelihoods. Altogether women are far more vulnerable given the economic conditions across Gaza, where reportedly only 3% of assets are held by female owners.¹³

In relation to efforts to reverse Gaza's development trajectory, one important contribution of the UN is an

economic empowerment programme targeted at micro and very small enterprises, which has created more than 8,000 new permanent, employment opportunities for vulnerable groups in Gaza over the past two years. In addition, the UN is heavily engaged in employment creation for youth and women through e-work and the placement of graduates in the public and private sectors. The most recent activity in this area is the launching of the first phase of the Employment Fund in Gaza to place approximately 2,500 youth and women in jobs over the next 24 months. In addition, the UN is piloting the establishment of local economic development units in five Gaza Municipalities through staffing, mapping of economic opportunities and bringing stakeholders together in an economic development forum to spearhead efforts for recovery and longer term economic growth.

The UN's involvement in governance, poverty reduction, environment and infrastructure aims to deliver fundamental improvements in the social, political and economic conditions across the Gaza Strip, including reconstruction and rehabilitation work, which has also been a major generator of short term employment opportunities for thousands of youth in Gaza.



Consequences and risks

The hostilities in July and August 2014 worsened an already dire humanitarian situation. Today, 1.3 million people in Gaza are in need of humanitarian assistance; 47% of families in Gaza are food insecure and more than a million people require assistance to access basic services, including health care, water and sanitation. The protracted humanitarian needs are driven by the Israeli blockade and aggravated by the internal Palestinian divide, both of which still remain in place. Three rounds of hostilities have further added to the humanitarian suffering.

Two years after the 2014 hostilities, most people and institutions are still struggling to cope. The living conditions of the 65,000 people who remain displaced raise a range of humanitarian concerns, including limited access to services, lack of privacy and gender-based violence. This has exacerbated the vulnerability of certain groups, particularly children, women-headed households, people with disabilities, the elderly and the chronically ill.

The precarious situation of the health system impedes the provision of appropriate care and rehabilitation services to people who sustained long term injuries and disability. This situation can be attributed to major shortages in skilled personnel, drugs and disposables, and electricity supply, among others. As a result, many amputees are still waiting for prosthetic limbs, while other patients need to be referred outside of Gaza for regular treatment. The long waiting lists for elective surgery generates frustration, unnecessary pain and health risks associated with delayed care.

Since 2012, the approval rate for patients' permit applications to travel via Erez crossing has steadily declined, as more patients have been denied or delayed access. In the first seven months of 2016, the Palestinian Ministry of Health district liaison office submitted 14,452 applications for Gaza patients who needed Israeli permits to reach advanced medical treatment outside Gaza; only 70.4% were approved.

Since the 2014 hostilities, the approval rate for national staff of UN agencies and international NGOs needing to travel in and out of Gaza has remained low while the ratio of unprocessed permits and the average processing time remained high. Since the start of 2016, the rate of

permit denial for UN national personnel based in Gaza has increased from 3% in January to 21% in June. Over 100 permit applications have been denied; of these 32 UN and INGO personnel were prohibited from requesting permits again for another 12 months. The numbers of permit confiscations at Erez Crossing has also increased, with at least eight UN and INGO personnel having their approved permits confiscated by security authorities so far in 2016, compared to two permits confiscated in all of 2015.

To date, only 27% of the funding requested for Gaza-specific projects in the Humanitarian Response Plan has been received (\$101.8 million out of \$372.2 million), significantly constraining the ability of humanitarian agencies to deliver urgent support for protection, water and sanitation, education, food security and livelihoods, health and shelter.

Accountability for violations of international law by duty bearers on both sides during the war, which resulted in the loss of civilian life and property, remains elusive. In connection to at least 360 incidents, including allegations of crimes under international law, complaints were submitted to the Israeli authorities. According to Israeli sources, to date 31 criminal investigations into soldier misconduct have been opened. So far, only three indictments have been issued relating to a single case of looting and around half of the cases have been closed. Palestinian organizations taking cases to judicial fora have been facing serious constraints. No meaningful investigation into alleged violations has been announced by the authorities in Gaza. This situation denies victims and survivors the justice and redress they deserve, and prevents the deterrence of future violations.

The ongoing blockade on air, land and sea access continues to generate significant humanitarian needs and impede access to basic services and assistance. In that context, Israel should allow greater movement of Palestinians between the West Bank and Gaza, and should make sure that the categorization of 'dual use' items follow international standards and is implemented in a transparent and predictable manner. Pending the above steps, specific items should immediately be removed from the 'dual use' list, particularly those items needed for emergency preparedness, life-saving and first responder interventions, reconstruction as well as all medical equipment.

WHAT WILL IT TAKE TO

Accelerate Gaza's recovery?

Despite delays, significant progress has been made in the reconstruction of physical damages to buildings and infrastructure incurred during the 2014 hostilities in Gaza. However, funding shortages, lack of consistent access to construction material and equipment, obstacles to private sector development and trade, as well as continued Palestinian internal divisions and coordination challenges, continue to impede efforts towards a faster response to the reconstruction and recovery task.

DISBURSEMENT OF FUNDING FOR PRIORITY SECTORS AND IMPROVED TRACKING OF FUNDS

According to the latest World Bank figures, only \$472 million of the \$3.5 billion pledged for Gaza at the October 2014 Cairo conference have been disbursed towards priorities in the DNA¹⁴; additional funds have been secured including through UN agency core budgets and additional donor funding, but the DNA framework remains less than 20% funded. Funding gaps are currently causing delays in building of destroyed and damaged homes, hospitals, agricultural assets, urban planning and cultural heritage sites. A lack of investment in Gaza's productive sectors hampers economic recovery and development, while funding shortages for temporary assistance and humanitarian relief risk leaving thousands of families without basic services while reconstruction and recovery efforts are under way. Donors are encouraged to make funding available for these priority areas.

While the World Bank has been mandated by the Government of Palestine to track the allocation and pledges made at the Cairo conference, NORG has set up an online tracking system for implementing partners to report projects, funding and implementation status of all activities aimed at implementing the DNA. All implementing agencies are encouraged to report in full through this system to enable better tracking of funds.

PREDICTABLE AND TRANSPARENT ACCESS TO CONSTRUCTION MATERIAL

While the government of Israel has permitted a substantial increase in the flow of materials to Gaza since 2014 (see box on the GRM), significantly larger amounts of construction

material is needed both for the re-building of homes and infrastructure but also for the private sector to flourish. The UN continues to call for a full lifting of the blockade on Gaza and in the meantime supports the parties in implementing the temporary Gaza Reconstruction Mechanism (GRM), agreed between the Governments of Israel and Palestine to enable the entry of construction material to address the large scale damages following the 2014 hostilities.

Import of construction material through the Gaza Reconstruction Mechanism (GRM)¹⁵

Households having purchased material to repair damaged homes (Shelter Repair Stream – repair of 2014 damages)	101,759
Households having purchased materials to rebuild destroyed homes (Residential Stream – reconstruction of 2014 destruction)	4,159
Households having purchased material to build new homes (Residential Stream – new constructions)	5,505
Households having purchased material to complete pre-2014 housing construction (Finishing stream)	3,709
Reconstruction/Infrastructure projects completed (Project stream)	154
Reconstruction/Infrastructure projects ongoing (Project stream)	494
Total tons of Construction Material entering Gaza since GRM established (ABC Material)	1.49 million

While the vast majority of people who are repairing or rebuilding their homes are able to access materials, as long as they have the funds and legal property/land rights, the sharp reduction of cement imports in April and May 2016, and the subsequent artificial ceiling of 90 trucks of cement per day through the Gaza GRM, are causing delays in accessing material, particularly for building of new houses.

The decline in entry of cement also leaves the market in Gaza susceptible to price speculation¹⁶, and some donors are holding back disbursement of much needed recovery and development funding, due to concerns about potential interruptions to the flow of material. The GRM's Vendor Committee must address this issue of market manipulation and be proactive in suspending vendors that do not comply

with GRM agreements, including the agreed price, while Israel must allow for predictable and uninterrupted supply of materials to meet demand in Gaza and lift the artificial ceiling of 90 trucks of cement per day.

The ability to import 'dual use' items other than rebar and cement remains highly unpredictable. Decisions on approvals of such items follow an inconsistent and often unacceptably long timeline, and items that are approved for one project may be refused for another. For example, requests for lime used for internal plastering or tilling works, have been approved in as little as six days, but in other cases have taken up to 265 days – with a current average of 81 day approvals. Asphalt has been approved in as little as 11 days, but has also taken as much as 261 days. Currently, more than 100 projects in the GRM have pending or rejected 'dual use' requests. Israel is encouraged to publish official guidelines for the import of 'dual use' materials and ensure consistent, predictable access to importing these materials in a transparent way.

REMOVAL OF OBSTACLES TO ECONOMIC RECOVERY AND TRADE

While no exports from Gaza were permitted by Israel between 2007 and 2010, limited amounts of exports have been allowed in certain sectors since 2010. However, the amounts and value of exports are negligible compared to the situation before the imposition of the blockade in 2007. In the five-year period from 2000-2004, the average annual number of truckloads exported from Gaza stood at almost 11,500. In the first five years following the blockade, this figured dropped by 7000% to 162 truckloads per year. While there has been a recent increase (621 truckloads exported in 2015 and almost 500 truckloads so far this year)¹⁷, the scale of exports from Gaza is still only about 5% of pre-2007 levels. The Office of the Quartet valued Gaza's annual export to Israel before 2007 at \$35-40 million, whereas the estimated value in 2014 was a meager \$1.5 million¹⁸.

Removing obstacles to trade and export, including transfers of goods to the West Bank, as well as removing restrictions on the list of raw materials classified as 'dual use' items, will be critical to develop Gaza's economic potential, particularly in the furniture and textile industries as well as in agriculture. The United Nations continues to encourage Israel to lift the restrictions on exports and to extend the capacity at crossing points – first and foremost Kerem Shalom, but also through the opening of additional crossing points – to enable timely and effective processing of the export of larger quantities

of produce and other goods, manufactured in Gaza, without unnecessary restrictions and quotas, e.g. on the height of pallets.

At the same time, input into Gaza's productive sectors needs to be strengthened. This requires, on the one hand, increased investments in core industries. The lack of funding for the priority areas outlined in the productive sector of the Government's recovery framework is disappointing, and donors are urged to prioritize support for programmes with sustainable productive potential, which in the long run will reduce aid dependency. On the other hand, strengthening the productive sectors requires an immediate relaxation of restrictions on the import of raw material – such as wood for furniture and agricultural fertilizers – as well as on equipment needed in the production process.

Finally, the most recent trend of reduced and revoked permits for traders and business must be reversed. Gazan traders and businessmen must be able to travel to the West Bank and beyond to foster professional networks and promote their businesses. Israel is encouraged to provide guidelines related to obtaining permits and in the case of disputes, to provide avenues for resolution.

STRENGTHENING GOVERNMENT LEADERSHIP AND IMPROVING LOCAL COORDINATION, INCLUDING AT NEIGHBOURHOOD LEVEL

In addition to having a negative impact on the humanitarian situation, the Palestinian political divide continues to complicate efforts at ensuring a locally coordinated approach. The establishment of the National Office for Reconstruction of Gaza (NORG) was a positive step towards ensuring a government-led coordination of the line Ministries, municipalities, UN agencies as well as international and national NGOs involved in the reconstruction and recovery effort. However, the office remains under-resourced and under-staffed, being largely supported by a handful of international agencies. The Government of Palestine needs to increase its investment in NORG to enable the office to effectively lead the development of local planning, coordination and reporting.

At the same time, local actors involved in implementing the recovery and reconstruction framework both at the policy and the operational level, need to improve coordination for local planning, including spatial and urban neighbourhood plans that will underpin a strategic and coherent approach to Gaza's recovery and longer term development.

ENDNOTES

1. State of Palestine, Ministerial Committee for Reconstruction of Gaza: Detailed Needs Assessment and Recovery Framework for Gaza Reconstruction, August 2015 http://www.lacs.ps/documentsShow.aspx?ATT_ID=21974
2. Shelter Cluster Palestine, July 2016 Factsheet, <http://shelterpalestine.org/Upload/Doc/4d111f78-1595-4fee-b2fc-e4217494307e.pdf>
3. State of Palestine, Ministerial Committee for Reconstruction of Gaza: Detailed Needs Assessment and Recovery Framework for Gaza Reconstruction, August 2015, page 25 http://www.lacs.ps/documentsShow.aspx?ATT_ID=21974
4. Currently, 250 tons of tomatoes and 55 tons of aubergines are permitted to enter Israel weekly. No other produce is officially allowed, though in practice, other items are occasionally allowed to enter on an ad-hoc basis.
5. Federation of Industries in Gaza, August 2016
6. GISHA, 16 August 2016: <http://gisha.org/updates/5441>
7. Johr Al-Deek in the Middle Zone falls within the so-called buffer zone
8. These include 82 damaged UNRWA schools and one totally destroyed UNRWA school
9. UNSCO Socio-Economic Report: Overview of the Palestinian Economy in Q1/2016 <http://www.unsco.org/Documents/Special/UNSCO%20Socio-Economic%20Report%20Q1%202016.pdf>
10. Palestinian Central Bureau of Statistics, Press Release on the Results of the Labour Force Survey (April-June, 2016). http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_LFSQ22016E.pdf
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12. Palestinian Central Bureau of Statistics, Press Release on the Results of the Labour Force Survey (April-June, 2016). http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_LFSQ22016E.pdf
13. UN Women in Palestine Newsletter, Issue 10
14. <http://www.worldbank.org/en/programs/rebuilding-gaza-donor-pledges>
15. Data as of 25 August 2016, <http://grm.report/#/>
16. While the official GRM price is NIS 560 per ton of cement, black market prices reportedly rocketed to nearly NIS 3,000 per ton in April/May, and still today reports come in of NIS 900-1,000 per tons being asked by some vendors.
17. UN Office for the Coordination of Humanitarian Affairs (OCHA), Gaza Crossing Activities Database: <http://data.ochaopt.org/dbs/crossings/commodityreports.aspx?id=1010003>
18. Office of the Quartet: <http://www.quartetoffice.org/page.php?id=5d6c2ay6122538Y5d6c2a>



United Nations Country Team in the State of Palestine