Gaza Strip

Development and Construction in the Face of Siege and Destruction

Editor

Dr. Mohsen Moh'd Saleh

Al-Zaytouna Centre for Studies & Consultations

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Gaza Strip

Development and Construction

in the Face of Siege and Destruction

قطاع غزة: التنمية والإعمار في مواجهة الحصار والدمار

Qita' Gazzah: Al-Tanmiyah wa al-I'mar fi Muwajahat al-Hisar wa al-Damar

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Introduction

The Gaza Strip (GS) represents around 1.34% of Palestine (363 km^2) of total land area (27,009 km^2) and it came under Israeli occupation, together with the West Bank (WB), in 1967. Following the signing of the Oslo Accords in 1993, GS came under the autonomous rule of the Palestinian Authority (PA), which was established in 1994. In 2005, Israel unilaterally withdrew from GS, yet it maintained its control or hegemony over land, air and sea ports of the Strip. Special arrangements were maintained with Egypt regarding the Rafah crossing within the context of a joint agreement between the PA and Israel and in coordination with the European countries. Accordingly, Israel remained an occupying power according to international law.

When the Hamas-led government took control of GS in mid-June 2007, Israel tightened the blockade on the Strip in order to thwart the government and cause it to fall. However, this government has shown resilience for seven years and it succeeded in establishing strong infrastructure for the Palestinian resistance in addition to seeking alternatives to provide the Gazans with their needs through the tunnels connecting GS with Egypt. Nonetheless, GS faced three Israeli destructive wars, and it suffered varying degrees of harassment and tunnel destruction by the Egyptian side reaching a peak after the military took over the power and overthrew President Muhammad Morsi on 3/7/2013.

This study seeks to provide a clear and concise picture of the demographic, economic, education and health conditions in GS. It sheds particular light on the damage and destruction resulting from the last Israeli offensive on GS, which lasted around 50 days. The study also discusses the challenges facing economic development besides future opportunities and prospects for advancement, overcoming obstacles and reconstruction.


0 3 6 km
0 3 6 mi
34°20'
34°30'
31°30'
31°20'
Mediterranean Sea
Gaza
Dayr al Balaḩ
1950 Armistice Line
Khān Yūnis
Rafaḩ
EGYPT
Gaza International Airport
Abū 'Awdah (Joz Abu 'Awdah)

First: Demographic Situation

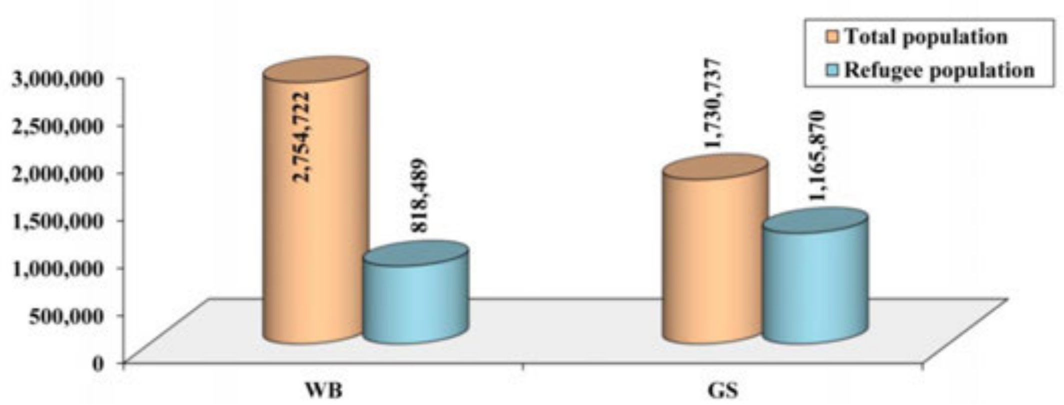
There were around 1.731 million Palestinians in GS by the end of 2013, constituting around 14.66% of total Palestinian population, which amounted to 11.807 million by the end of 2013, including 5.916 million in historic Palestine (Palestine occupied in 1948, the WB and GS) at 50.1%, in addition to around 5.891 million living abroad.[1]

The GS population estimates for 2013 show that around 67.4% are refugees hailing from Palestinian territories occupied in 1948. Refugees in GS count for around 1.166 million compared to 818 thousand in WB, comprising 29.7% of total WB population.

Palestinian Total and Refugee Population in GS and WB 2013[2]

Place of residence	Total population		Refugee population	
	Estimate	Percentage (%)	Estimate	Percentage (%)
GS	1,730,737	38.6	1,165,870	67.4
WB	2,754,722	61.4	818,489	29.7
GS & WB	**4,485,459**	**100**	**1,984,359**	**44.2**

Palestinian Total and Refugee Population in GS and WB 2013



The Palestinian community in GS is young where those aged below 15 years old were estimated at 43.3% by the end of 2013 compared to 37.7% in WB. In contrast, the elderly comprise a small percentage of the Palestinian society, where those aged 65 years and above amounted to 2.4% in GS and 3.2% in WB.

Available date show that dependency rate (number of dependent persons per 100 individuals at work age, 15–64 years) has decreased in GS from 114.5 in 1997 to 84.1 in 2013. Data also reveal a slight increase in median age (age that divides the population into two numerically equal groups, i.e., half the population is below that age and half above it) as it increased in GS from 14.8 years in 1997 to 17.9 in 2013, while in WB, it increased from 17.4 years in 1997 to 20.3 in 2013.

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[1] See Palestinian Central Bureau of Statistics (PCBS), *Palestinians at the End of Year 2013* (Ramallah: PCBS, December 2013), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book2028.pdf

[2] *Ibid*.

Crude Birth Rate (CBR) in GS amounted to 37.1 births per thousand inhabitants in 2013 compared to 29.7 births per thousand inhabitants in WB. Crude Death Rate (CDR) reached 3.7 deaths per thousand inhabitants in GS compared to 4 deaths per thousand inhabitants in WB for the same year.

Natural population growth rate amounted to 3.4% in GS in 2013, and it is expected to maintain the same levels throughout the next four years (2014–2017). Fertility rate in GS is considered to be high, if compared to the rates in other countries. This is due to early marriage, especially for females, childbearing desires and the traditions prevalent in the Palestinian society.

Total fertility rate in GS is noticed to be high if compared to the rate in other countries of the region, as it reached 4.9 births per woman in 2010, whereas it amounted to 3.8 in WB, 3.8 in Jordan, 2.9 in Egypt and 2.1 in Tunisia. As a result of the low mortality rate in GS, life expectancy has increased where it reached 72.3 years in 2013 (71 for males and 73.8 years for females).

Data for 2012 show a decline in household size in GS compared to 1997, where average household size decreased to 6 persons in 2012 compared to 6.9 in 1997. Similarly, it decreased in WB to 5.1 persons in 2012 compared to 6.1 in 1997.

Selected Demographic Indicators of Palestinians by Residence 2013[3]

Indicator	GS	WB	GS & WB
% of individuals 15 years or less	43.3	37.7	39.9
% of individuals 65 years or over	2.4	3.2	2.9
Dependency rate (per 100 individuals 15–64 years)	84.1	69.5	74.8
Sex ratio (males per 100 females)	103.2	103.3	103.2
CBR (births per 1,000 inhabitants)	37.1	29.7	32.6
CDR (deaths per 1,000 inhabitants)	3.7	4	3.8
Total fertility rate (births per woman) (2010)	4.9	3.8	4.2
Natural population growth rate	3.4	2.6	2.9
Average household size (individuals per house) (2012)	6	5.1	5.3

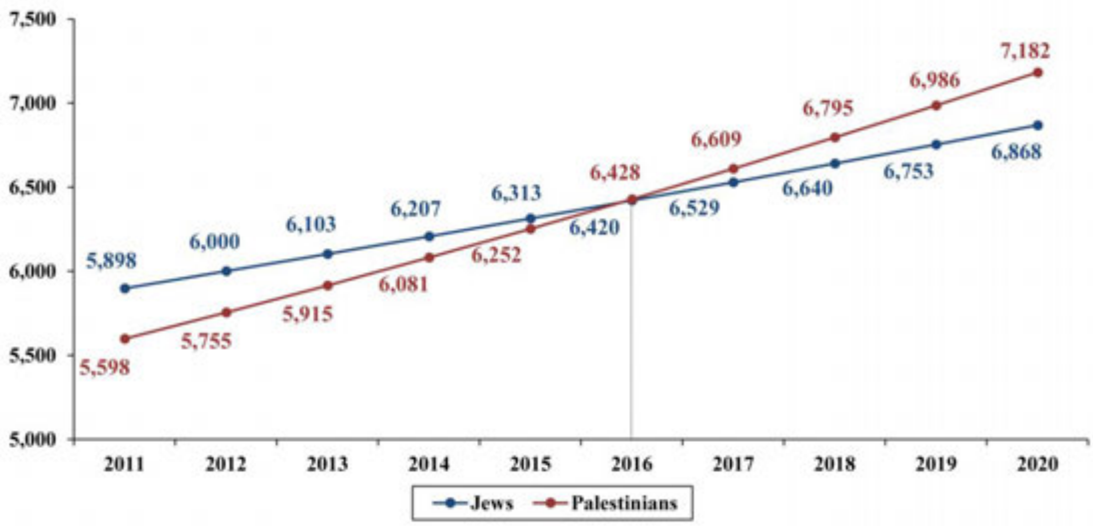
Palestinian Future Numerical Superiority in Historic Palestine

Despite the relative decrease in the natural growth rate among the Palestinian population, this rate remained high compared to other populations, including the Israelis. According to the Palestinian Central Bureau of Statistics (PCBS) estimates, the number of Palestinians in historic Palestine amounted to around 5.9 million at the end of 2013 while Jews reached 6.1 million based on Israel's Central Bureau of Statistics (CBS) estimates. Based on annual growth rates amounting to 2.9% for Palestinians in

[3] See *Ibid.*; and PCBS, *Palestinians at the End of Year 2011* (Ramallah: PCBS, December 2011), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1815.pdf

the WB and GS, 2.5% for Palestinians in the territories occupied in 1948 (Israel) and 1.7% for Jews, the number of Palestinians and Jews in historic Palestine will be equal during 2016. Both populations are expected to reach 6.42 million, assuming no change in the growth rates. By the end of 2020, Jews living in Palestine will comprise 48.9% of the population, around 6.87 million people compared to 7.18 million Palestinians.

Estimated Population Count of Palestinians and Jews in Historic Palestine 2011–2020 (thousands)[4]



[4] For the number of the Palestinians 2011–2013, see PCBS, *Palestinians at the End of Year 2011*; PCBS, *Palestinians at the End of Year 2012* (Ramallah: PCBS, December 2012), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1952.pdf; and PCBS, *Palestinians at the End of Year 2013*.

As for the number of Jews 2011–2013, see Central Bureau of Statistics (CBS), http://www1.cbs.gov.il/publications14/yarhon0114/pdf/b1.pdf

Second: Economic Situation

1. Gross Domestic Product (GDP)

PCBS figures, revised, updated and published in September 2014,[5] show that the PA's GDP increased from $10,465 million in 2011 to $11,279 million in 2012 and to $13,290 million in 2013, all figures calculated at current prices. Data reveals that the annual growth rate in GS in 2012 and 2013 increased by 5.3% and 8.8% respectively. In addition, GS's share of Palestinian GDP reached 23.8% in 2012 and declined to 22% in 2013 taking into account the huge suffering of the Gazans due to Israel's tight blockade and its brutal aggressions on the Strip.

Comparing the GDP in the WB and GS to that in Israel shows the size of destruction and damage the occupation has inflicted on the Palestinian side, after it had reduced the Palestinian economy into a mere dependent sector and deprived it from the tools necessary for its improvement parallel to exploiting Palestinian natural resources for its advantage. For example, Israeli GDP increased, based on current prices, from around $213.227 billion in 2008 to around $291.819 billion in 2013, i.e., a $78.592 billion increase at 36.9%. This growth has been coupled with diversity in military and civilian products, and it was demonstrated in the volume of Israeli exports. On the Palestinian side, the GDP was humble compared to that in Israel and it increased according to current prices from around $6.674 billion to around $13.29 billion during the same mentioned period. This GDP covered only a little part of local market needs given the Israeli impediments, which foiled the work of productive institutions, while curbing exports movement. Thus, a wide gap is noticed between Israeli and Palestinian GDP, where the former is 22 folds more than its Palestinian counterpart in 2013. In other words, Palestinian economy does not exceed 4.55% of the Israeli economy.

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[5] Without debating the updated figures of the PCBS, we would like to refer only to the fact that these figures increased significantly from previous figures based on the fourth revision of the International Standard of Industrial Classification of all Economic Activities (ISIC-4). These figures put the growth rate in GDP at 17.8% for the year 2013 at current prices, and the growth rate in GDP for the same year in the WB at 20.6%. This raises many questions about the methodology used to calculate these numbers, and about the reality and nature of growth. It is also worth noting that a large aspect of the economy of the WB depends on foreign aid and grants, many times in excess of half of the PA's budget in Ramallah. It should also be noted that there are differenced in the figures when factoring in current prices and constant prices, while constant prices themselves differ according to the year used as a baseline. In any case, the figures of the PCBS for 2012 indicate that GS contributed 26% of the overall economy of the PA (WB and GS) at constant prices with 2004 as the base year.

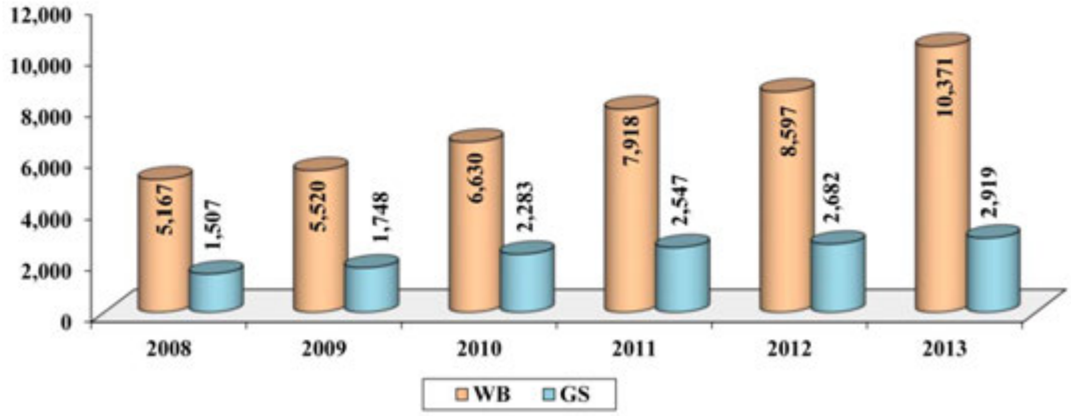
GDP in PA Territories and Israel 2008–2013 at Current Prices ($ million)[6]

Year	PA			Israel
	GS	WB	GS & WB	
2008	1,507	5,167	6,674	213,227
2009	1,748	5,520	7,268	206,289
2010	2,283	6,630	8,913	232,115
2011	2,547	7,918	10,465	258,138
2012	2,682	8,597	11,279	257,482
2013	2,919	10,371	13,290*	291,819

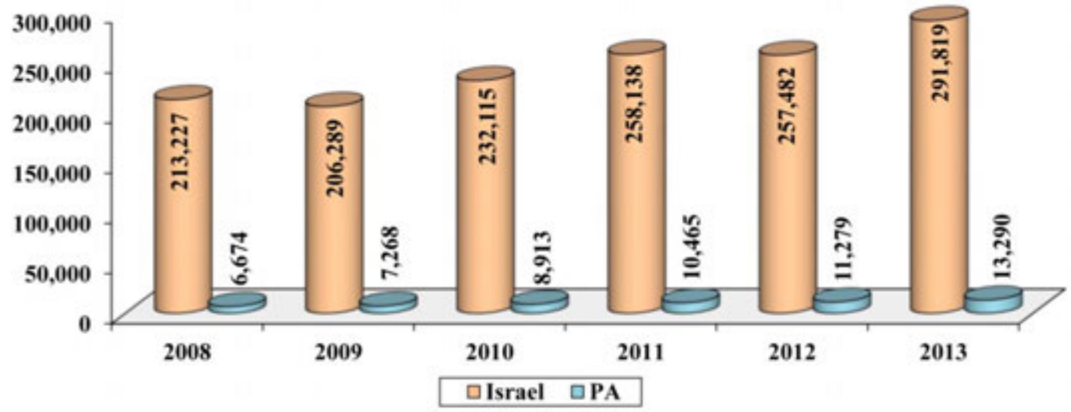
Note: The data excludes those parts of Jerusalem annexed by Israel in 1967.

*Preliminary estimates.

GDP in GS and WB 2008–2013 at Current Prices ($ million)



GDP in PA Territories and Israel 2008–2013 at Current Prices ($ million)



[6] For Palestinian Gross Domestic Product (GDP) 2008–2012, see PCBS, *National Accounts at Current and Constant Prices 1994–2012* (Ramallah: PCBS, September 2014), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book2072.pdf

As For Palestinian GDP 2013, see PCBS, *Press Report, Preliminary Estimates of Quarterly National Accounts (Fourth Quarter 2013)* (Ramallah: PCBS, March 2014), http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_QNAQ42013E.pdf

And as for Israeli GDP, see CBS, http://www.cbs.gov.il/hodaot2013n/08_13_361t11.pdf

Despite what has been mentioned, Palestinian economy has the capacity to achieve qualitative leap in normal conditions, for an important part of economic capacities is not invested, or is out of control, because of the Israeli occupation. In addition, the GS has suffered several destructive wars and years-long blockade, while it would have been able to achieve big steps forward, if it were given the chance. Put in other words, the essence of the Palestinian economy problem is the Israeli occupation and its subsequent negative measures and practices.

2. GDP per Capita

Based on available data, average GDP per capita, at current prices, amounted to $2,665, $2,787 and $3,186 for 2011, 2012 and 2013 respectively. In GS, average GDP per capita, at current prices, amounted to $1,604, $1,631 and $1,715 in 2011, 2012 and 2013 respectively. In the WB, it reached $3,386, $3,578 and $4,200 for the same years.

Average GDP per capita in PA territories continued to be low as compared to its Israeli counterpart as this latter was around 12 folds more than the former in 2012 and 2013.

Palestinian GDP per capita, at current prices, in PA territories amounted to $3,186 in 2013 compared to $2,787 in 2012. However, Israeli GDP per capita, at current prices, was $36,227 in 2013 compared to $32,569 in 2012.

GDP per Capita in PA Territories and Israel 2008–2013 at Current Prices)$([7]

Year	PA			Israel
	GS	WB	GS & WB	
2008	1,046	2,396	1,856	29,006
2009	1,176	2,492	1,963	27,571
2010	1,487	2,913	2,339	30,458
2011	1,604	3,386	2,665	33,252
2012	1,631	3,578	2,787	32,569
2013	1,715	4,200	3,186*	36,227

Note: The data excludes those parts of Jerusalem annexed by Israel in 1967.

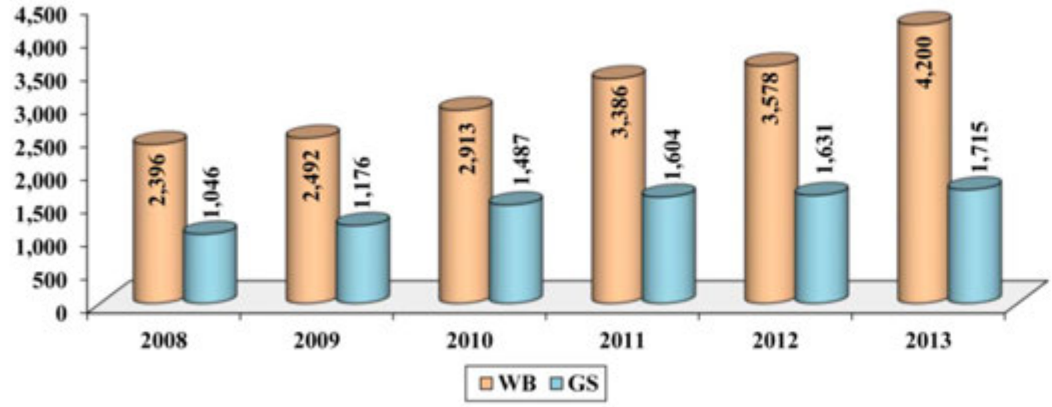
*Preliminary estimates.

[7] For Palestinian GDP per capita 2008–2012, see PCBS, *National Accounts at Current and Constant Prices 1994–2012*.

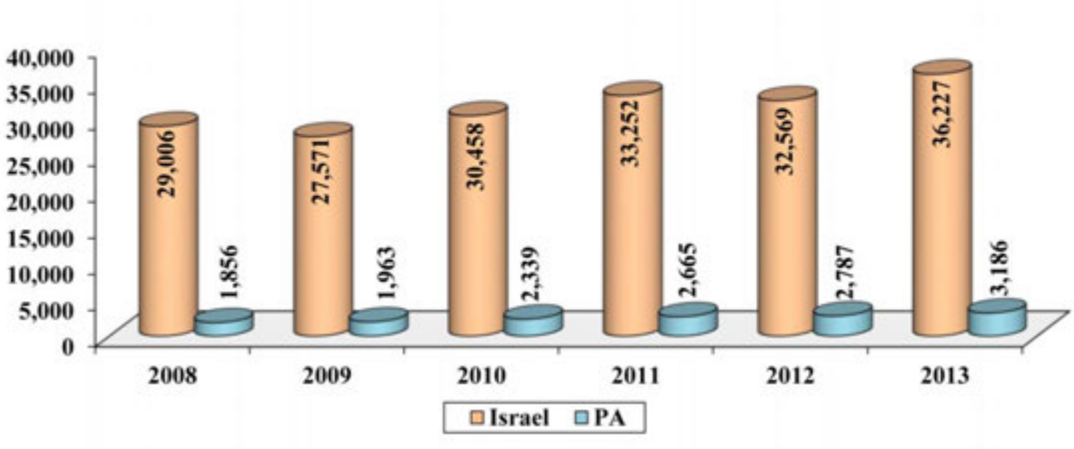
As For Palestinian GDP per capita 2013, see PCBS, *Press Report, Preliminary Estimates of Quarterly National Accounts (Fourth Quarter 2013)*.

And as for Israeli GDP per capita, see CBS, http://www.cbs.gov.il/hodaot2013n/08_13_361t1.pdf

GDP per Capita in GS and WB 2008–2013 at Current Prices ($)



GDP per Capita in PA Territories and Israel 2008–2013 at Current Prices ($)



It is noticed that according to PCBS figures, GDP per capita, at constant prices, in WB and GS amounted to $2,855 in 2013 ($1,706 in GS and $3,647 in the WB), where 2010 is the base year.[8]

3. The PA's General Budget

The WB-based PA (run by Rami Hamdallah government in Ramallah) suffered public debt amounting to around $2,376.3 million in 2013, including $1,267.6 million domestic debts and $1,108.7 million foreign debts.[9] Its 2014 total expenditures amounted to $4,215 million with expected total deficit amounting to $1,629 million (see below table). Hindrances faced by the Ramallah-based government are expected to influence the management of the GS after the formation of the national unity government and the termination of the tasks of the GS-based caretaker government headed by Isma'il Haniyyah.

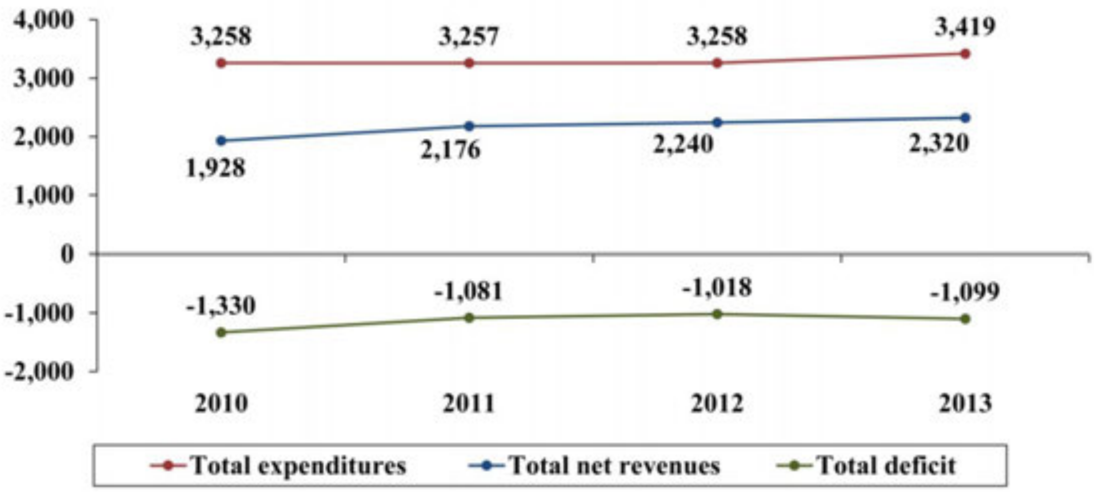
[8] See PCBS, *Press Report, Preliminary Estimates of Quarterly National Accounts (Fourth Quarter 2013)*.

[9] See Palestine Monetary Authority (PMA), External and Internal Debt on Palestinian Government, http://www.pma.ps/Portals/1/Users/002/02/2/Time%20Series%20Data%20New/Public_Finance/public_debt_for_palestinian_national_authority.xls

Revenues, Expenditures and Deficit of the PA (Cash Basis) 2010–2014 ($ million)[10]

Year	2010	2011	2012	2013	Budget of 2014
Current expenditures and net lending	2,983	2,961	3,047	3,251	3,865
Development expenditures	275	296	211	168	350
Total expenditures	**3,258**	**3,257**	**3,258**	**3,419**	**4,215**
Total net revenues	**1,928**	**2,176**	**2,240**	**2,320**	**2,586**
Total deficit	**-1,330**	**-1,081**	**-1,018**	**-1,099**	**-1,629**

Revenues, Expenditures and Deficit of the PA (Cash Basis) 2010–3102 ($ million)



The PA budget in Ramallah has been tightly dependent on donations as total grants and donations reached $1,358 million in 2013, at 58.5% of the total net revenues. The US and Western countries provide the major size of aid which they condition on the development of the peace process. Accordingly, this money has become a political tool which would make the PA's ability to execute economic and development programs dependent on Western standards.

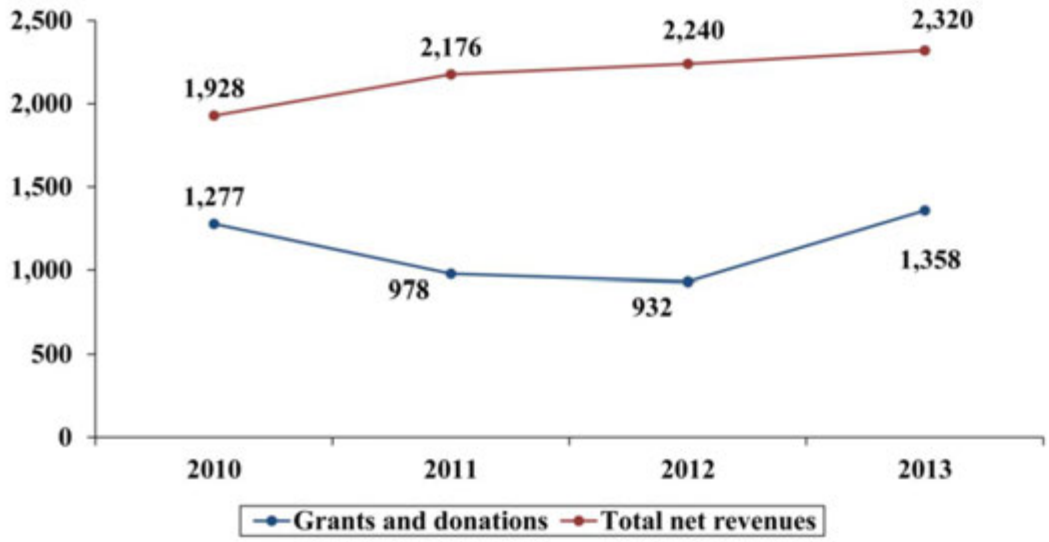
[10] See PMA, Revenues, Expenditures and Financing Sources of PNA Fiscal Operations (Cash Basis), http://www.pma.ps/Portals/1/Users/002/02/2/Time%20Series%20Data%20New/Public_Finance/revenues_expenditures_and%20financing_sources_of_pna_fiscal_operations_00-12.xls

See also PA, Ministry of Finance, http://www.pmof.ps/documents/10180/332541/Jan.2014.eng.pdf/2d5e7ac8-453d-46c2-95c0-c9b5c3485588

Evolution of Grants and Donations to the PA 2010–2014 ($ million)[11]

Year	2010	2011	2012	2013	Budget of 2014
Grants and donations	1,277	978	932	1,358	1,629
Total net revenues	1,928	2,176	2,240	2,320	2,586
% of grants and donations of total net revenues	66.2	44.9	41.6	58.5	63

Evolution of Grants and Donations to the PA 2010–3102 ($ million)



4. Palestinian Economy's Dependence on Israel

Trade exchange between the PA and Israel, according to PCBS figures, scored high percentages at the level of exports and imports. On one hand, Palestinian exports to Israel amounted to around $786.4 million, i.e., 87.3% of total Palestinian exports in 2013. On the other hand, Palestinian imports from Israel amounted to around $3,694.8 million, i.e., 71.6% of total Palestinian imports, which confirms commercial dependency on Israel.

It should be noted here that Israel's CBS provides different figures regarding commercial exchange with the PA for 2013. Thus, according to these figures, Palestinian imports from Israel amounted to $3,451 million, which is $244 million more than the official Palestinian figure. Palestinian exports to Israel, as per CBS figures, amounted to $597 million, which is $189 million less than the Palestinian official figure.[12]

[11] See Ibid.

[12] CBS, *Statistical Abstract of Israel 2014*, no. 65, table 16.2, p. 770, http://www1.cbs.gov.il/reader/shnaton/templ_shnaton_e.html?num_tab=st16_02x&CYear=2014

Volume of PA Trade, Exports and Imports in Goods to/ from Israel 2012–2013 ($ thousand)[13]

	Trade Volume		Exports		Imports	
	2012	2013	2012	2013	2012	2013
Israel	3,989,979	4,481,177	639,180	786,356	3,350,799	3,694,821
Total	5,479,725	6,064,515	782,369	900,618	4,697,356	5,163,897
Israel's % of the total	72.8	73.9	81.7	87.3	71.3	71.6

PA Exports and Imports in Goods to/ from Israel 2013 ($ thousand)

5. General Budget of the Caretaker Government in GS

Tracking the financial situation of the GS caretaker government during 2010–2013 shows that public expenditures have assumed an upward trend with limited deterioration in 2013 due to the tightened blockade. Public revenues have also assumed an increasing trend during 2010–2012, with slight deterioration in 2013 due to tightened restrictions on the borders with Egypt and closing most tunnels that were an essential lifeline for economy in the besieged GS. The 2013 budget took into account the quality of public services in addition to focusing development expenditures on development projects stimulating investment, which contributed to economic development, yet without ignoring relief and development work related to the blockade.

Total expenditures of the general budget of the GS caretaker government amounted to $463.7 million in 2013 compared to $445.3 million in 2012. Public expenditures for 2013 included wage expenditures at 78.7%, operational expenditures at 8.6%, transfers at 11%, in addition to capital and development expenditures at 1.7%.

[13] See PCBS, *Registered Foreign Trade Statistics - Goods and Services, 2013: Main Results* (Ramallah: PCBS, August 2014), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book2070.pdf

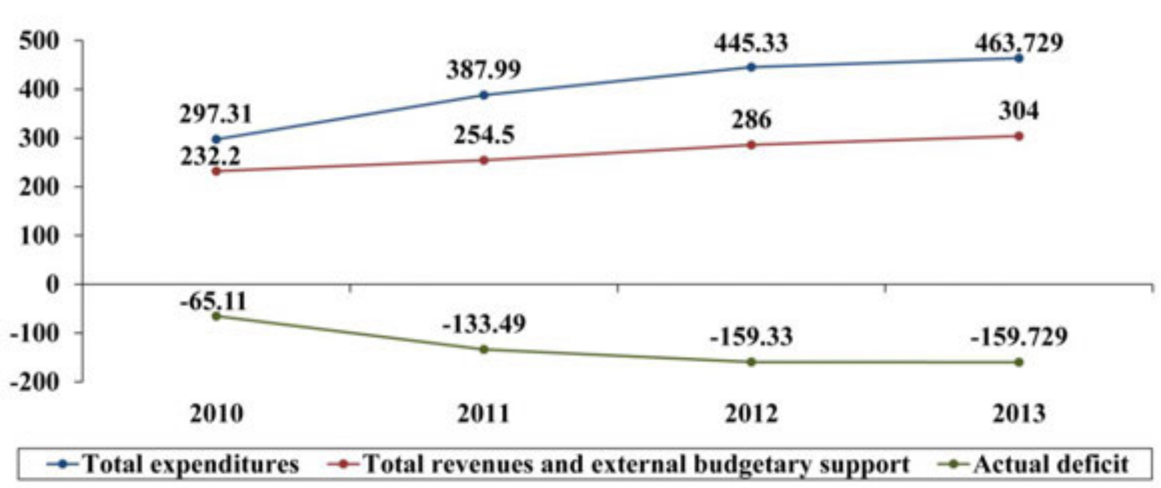
Total domestic revenues amounted to $200 million in 2013 compared to $221 million in 2012, i.e., a decrease by 9.5%. The government received external funding amounting to $104 million in 2013 compared to $65 million in 2012, i.e., a 60% increase. Thus, the deficit in the budget reached around $160 million in 2013.

The above figures show the extent of suffering faced by the caretaker government due to the blockade, and how it was urged to run different aspects of life in the Strip according to available capacities.

Fiscal Operations of the Caretaker Government in GS 2010–2013 ($ million)[14]

Fiscal operation	2010	2011	2012	2013
Total revenues and external budgetary support	**232.2**	**254.5**	**286**	**304**
– Domestic revenues	83.01	187.5	221	200
– External budgetary support	149.19	67	65	104
Total expenditures	**297.31**	**387.99**	**445.33**	**463.729**
– Wage expenditures	228.73	297.5	340	365
– Operational expenditures	21.59	24.47	40	40
– Transfers	45.15	53.42	60	51
– Capital and development expenditures	1.84	9	5.33	7.729
– Expenditures from former years	–	3.6	–	–
Actual deficit	**-65.11**	**-133.49**	**-159.33**	**-159.729**

Fiscal Operations of the Caretaker Government in GS 2010–2013 ($ million)



[14] See "Palestinian Legislative Council Approves Budget Bill for Fiscal Year 2011," *al-Barlaman* newspaper, Palestinian Legislative Council (PLC), Gaza, 31/3/2011, http://www.plc.gov.ps/img/Magazine/pdf_file/cf0331c4-0bf0-4c76-9ef6-f97f4b3cd63b.pdf (in Arabic); "Palestinian Legislative Council Approves Budget Bill for Fiscal Year 2012," *al-Barlaman*, 5/4/2012, http://www.plc.gov.ps/img/Magazine/pdf_file/ea0af971-5f3b-46ad-8de9-aa6ac4371242.pdf (in Arabic); "Palestinian Legislative Council Approves Budget Bill for Fiscal Year 2013," *al-Barlaman*, 10/1/2013, http://www.plc.gov.ps/img/Magazine/pdf_file/cabf1cbf-e821-4086-b0f2-6463860579d1.pdf (in Arabic); and "Palestinian Legislative Council Unanimously Approves Budget Bill for Fiscal Year 2014," *al-Barlaman*, 2/1/2014, http://www.plc.gov.ps/img/Magazine/pdf_file/cb62d9e3-a5cf-4eab-a6bf-6d107fbcaaec.pdf (in Arabic)

As for 2014 budget of the GS government, the appropriation bill estimated total public expenditures at around $894 million, then it was reduced to $783 million,[15] i.e., at 12.4% compared to previous estimates as tightening the blockade was taken into account. Revised public revenues were estimated at $195 million, which is a big deficit estimated at $588 million and at 75.1%, thus reflecting major dependence on foreign sources to cover the deficit. It must be noted that the fiscal policy supports public services, including security and public order, given their strategic importance.[16]

6. Labor Force

Development of labor force in 2013 reveals a limited fluctuation in the level of employment and continued increase of unemployment coupled with the disappointment of those unemployed. It also reflects the criminal effect of the Israeli occupation, blockade and repeated assaults, especially on the GS. The number of those employed was 396 thousand in GS, while unemployment rates in 2013 reached 32.6% in GS compared to 18.6% in the WB.

Distribution of Unemployed Palestinians Aged 15 Years and over in GS and WB 2008–2013 (thousands)[17]

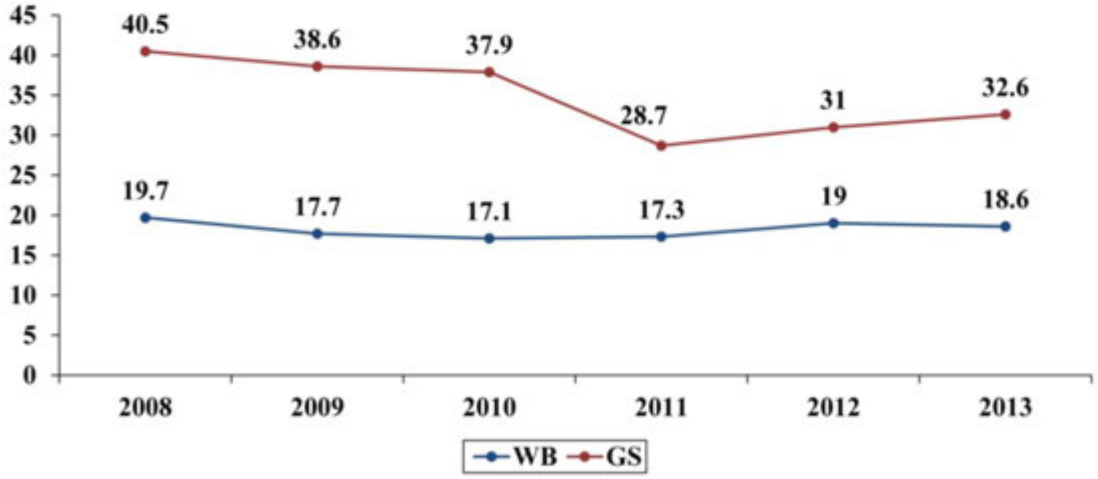
Year		2008	2009	2010	2011	2012	2013
GS	Unemployment	121	119	118	98	115	129
	% of Unemployment	40.5	38.6	37.9	28.7	31	32.6
WB	Unemployment	120	114	114	124	141	141
	% of Unemployment	19.7	17.7	17.1	17.3	19	18.6
GS & WB	Unemployment	**241**	**233**	**232**	**222**	**256**	**270**
	% of Unemployment	**26.5**	**24.5**	**23.8**	**21**	**23**	**23.4**

[15] Ministry of Finance, the General Administration of the General Budget, Gaza, unpublished office data.

[16] "Palestinian Legislative Council Unanimously Approves Budget Bill for Fiscal Year 2014," *al-Barlaman*, 2/1/2014.

[17] See PCBS, *Labour Force Survey: Annual Report: 2013* (Ramallah: PCBS, April 2014), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/Book2049.pdf

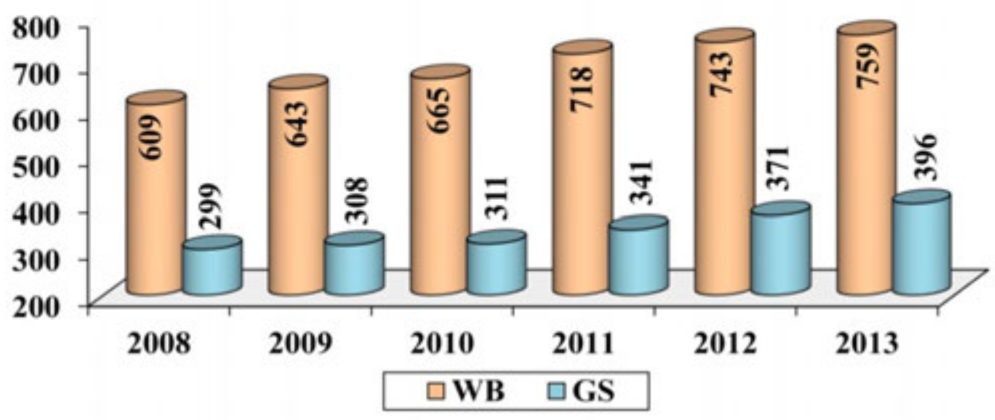
Percentage of Unemployed Palestinians Aged 15 Years and over in GS and WB 2008–2013 (%)



Distribution of Palestinians Aged 15 Years and over in GS and WB by Labor Force 2008–2013 (thousands)[18]

Year	2008	2009	2010	2011	2012	2013
GS	299	308	311	341	371	396
WB	609	643	665	718	743	759
GS & WB	**908**	**951**	**976**	**1,059**	**1,114**	**1,155**

Distribution of Palestinians Aged 15 Years and over in GS and WB by Labor Force 2008–2013 (thousands)



7. Poverty

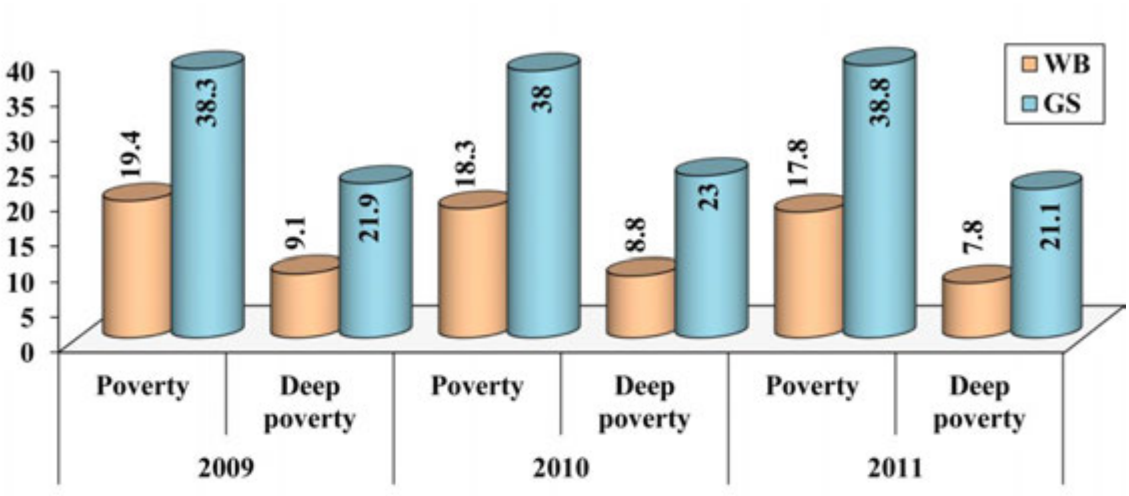
Figures show that the percentage of poverty in GS is two folds more than that in the WB, while deep poverty is around three folds more than WB levels.

[18] See *Ibid*.

Poverty Rates Among Individuals According to Monthly Consumption in GS and WB 2009–2011 (%)[19]

	2009		2010		2011	
	Poverty	Deep Poverty	Poverty	Deep Poverty	Poverty	Deep Poverty
GS	38.3	21.9	38	23	38.8	21.1
WB	19.4	9.1	18.3	8.8	17.8	7.8
GS & WB	**26.2**	**13.7**	**25.7**	**14.1**	**25.8**	**12.9**

Poverty Rates Among Individuals According to Monthly Consumption in GS and WB 2009–2011 (%)



8. Industrial Activity

Industrial activity covers different categories including mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; and water supply, sewerage, waste management and remediation activities. Industrial GDP in the WB and GS amounted to around $1,865 million in 2012, thus constituting 16.5% of the GDP at current prices.

PCBS figures show that industrial GDP in GS in 2012 was $341.6 million at current prices. There are no figures for 2013 at the same prices; however, PCBS figures at constant prices show that industrial GDP in GS in 2013 was $344 million, where 2010 is the base year.[20]

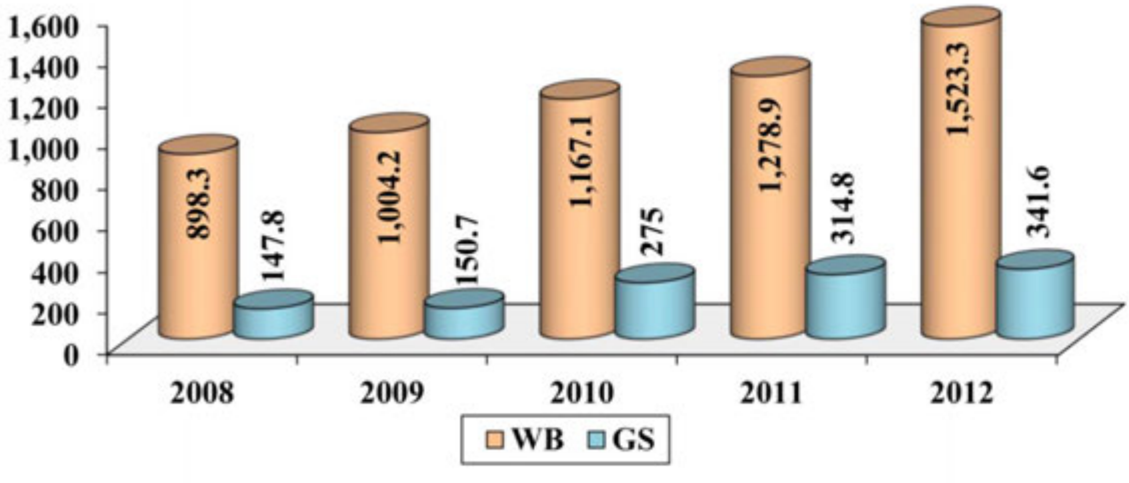
[19] See PCBS, http://www.pcbs.gov.ps/Portals/_Rainbow/Documents/Poverty_2009_2011_a.htm (in Arabic)
[20] See PCBS, *Press Report, Preliminary Estimates of Quarterly National Accounts (Fourth Quarter 2013).*

Industrial GDP in GS and WB 2008–2012 at Current Prices ($ million)[21]

Year	2008	2009	2010	2011	2012
GS	147.8	150.7	275	314.8	341.6
WB	898.3	1,004.2	1,167.1	1,278.9	1,523.3
GS & WB	**1,046.1**	**1,154.9**	**1,442.1**	**1,593.7**	**1,864.9**

Note: The data excludes those parts of Jerusalem annexed by Israel in 1967.

Industrial GDP in GS and WB 2008–2012 at Current Prices ($ million)



9. Agricultural Activity

Agriculture is an important traditional activity based on production of food crops necessary for domestic and foreign market. PCBS figures show that agricultural GDP in GS in 2012 reached $173.1 million at current prices. While there are no figures for 2013 at the same prices, PCBS figures at constant prices show that agricultural GDP in GS in 2013 was $169 million, where 2010 is the base year.[22]

Agriculture, Forestry and Fishing GDP in GS and WB 2008–2012 at Current Prices ($ million)[23]

Year	2008	2009	2010	2011	2012
GS	173.1	174.9	200.1	241.2	173.1
WB	245.1	258.9	297.6	383.3	351.6
GS & WB	**418.2**	**433.8**	**497.7**	**624.5**	**524.7**

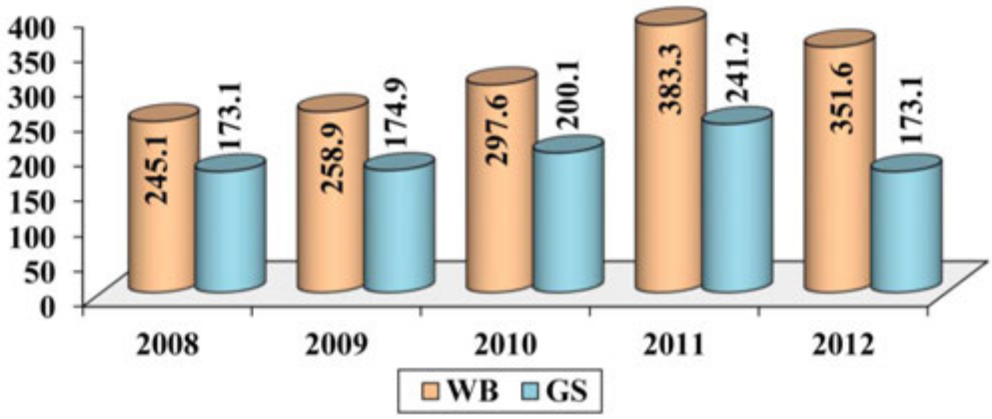
Note: The data excludes those parts of Jerusalem annexed by Israel in 1967.

[21] See PCBS, *National Accounts at Current and Constant Prices 1994–2012*.

[22] See PCBS, *Press Report, Preliminary Estimates of Quarterly National Accounts (Fourth Quarter 2013)*.

[23] See PCBS, *National Accounts at Current and Constant Prices 1994–2012*.

Agriculture, Forestry and Fishing GDP in GS and WB 2008–2012 at Current Prices ($ million)



GDP in GS by Economic Activity 2008–2012 at Current Prices ($ million)[24]

Year	2008	2009	2010	2011	2012
Agriculture, forestry and fishing	**173.1**	**174.9**	**200.1**	**241.2**	**173.1**
Mining, manufacturing, electricity and water	**147.8**	**150.7**	**275**	**314.8**	**341.6**
– Mining and quarrying	–	–	–	–	1.3
– Manufacturing	29.2	36.6	157	192.1	242.8
– Electricity, gas, steam and air conditioning supply	111.1	105.7	113.2	113.5	83.1
– Water supply, sewerage, waste management and remediation activities	7.5	8.4	4.8	9.2	14.4
Construction	**34.2**	**35.1**	**83**	**201**	**185.2**
Wholesale and retail trade, repair of motor vehicles and motorcycles	**117.2**	**200.7**	**308.6**	**253.2**	**434.5**
Transportation and storage	**9.2**	**12.8**	**18.4**	**21.1**	**27.2**
Financial and insurance activities	**52.2**	**41.2**	**35.4**	**38.1**	**43.5**
Information and communication	**5.7**	**6.9**	**6.3**	**7.7**	**12.8**
Services	**481**	**583.9**	**642**	**705.7**	**706.5**
– Accommodation and food service activities	11.4	43.6	50.9	9	29.6
– Real estate activities	130.3	158.9	159.2	124.3	123.1
– Professional, scientific and technical activities	3.6	13.5	16.7	56.8	20.7
– Administrative and support service activities	2.3	3.1	7	17.5	12.6
– Education	218.6	238	245.2	259.1	285.2
– Human health and social work	90.8	97.5	99.9	159.7	166
– Arts, entertainment and recreation	2.6	7.6	10.1	5.4	10.2
– Other service activities	21.4	21.7	53	73.9	59.1
Public administration and defense	**379.3**	**459.1**	**632.2**	**734.7**	**730**
Households with employed persons	**0**	**2.1**	**1.5**	**1.8**	**1.8**
Services of financial intermediation measured indirectly (FISIM)	-42	-30.9	-27.2	-26.4	-32.7
Customs Duties	62.6	36.3	45	25.2	25.7
VAT on Imports, net	86.6	75.3	62.8	29.5	33.4
GDP	**1,506.9**	**1,748.1**	**2,283.1**	**2,547.6**	**2,682.6**

Note: (–) means data is not available.

[24] See *Ibid*.

Third: Educational Situation

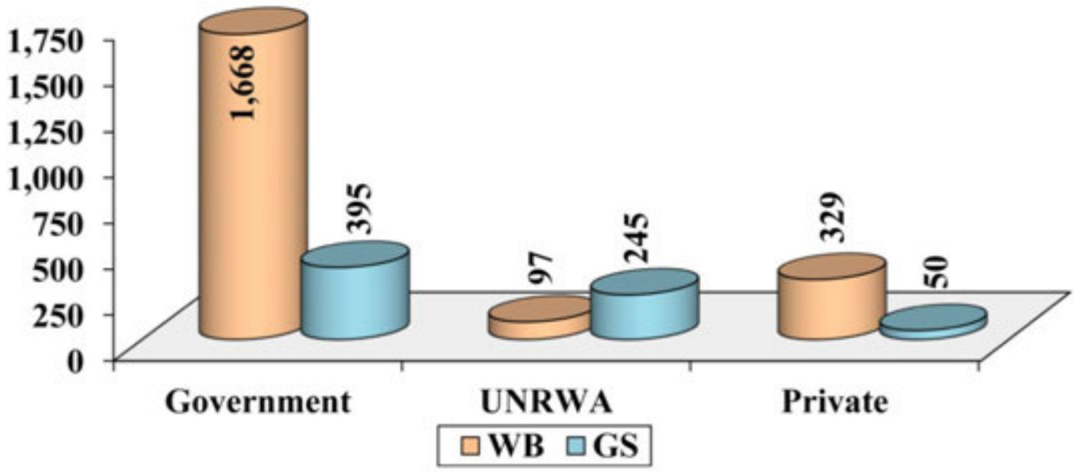
1. Basic and Secondary Education

There were 690 schools covering basic (elementary and intermediate) and secondary education in GS in the academic year 2013/2014. Government schools amounted to 395 schools at 57.2% of total GS schools. The deficiency in schools in GS is relatively compensated for by the presence of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)-run schools that amount to 245 schools compared to 97 similar schools in the WB. The higher number of UNRWA schools in GS reflects the high level of poverty suffered by most of the population in GS.

Basic and Secondary Schools in GS and WB by Supervising Authority 2013/2014[25]

Region	Government	UNRWA	Private	Total
GS	395	245	50	**690**
WB	1,668	97	329	**2,094**
GS & WB	**2,063**	**342**	**379**	**2,784**

Basic and Secondary Schools in GS and WB by Supervising Authority 2013/2014



2. University Education

Several Palestinian universities in the WB and GS provide traditional education to their students. An-Najah National University in Nablus is the largest among Palestinian universities where its students reached 21,327 in the academic year 2012/2013. It is followed by the Islamic University of Gaza with 19,938 students, then Al Aqsa University in Gaza with 17,094 students. The number of university students for the same academic year in the WB and GS was 123,484 students including 54,936 students in GS and 68,548 students in the WB. University students in GS constitute around 44.5% of total students in the WB and GS, taking into account that Gazans constitute

[25] See statistics concerning education, Ministry of Education and Higher Education, http://www.mohe.gov.ps/ShowArticle.aspx?ID=335 (in Arabic)

38.6% of total WB and GS population. This means that percentage of university education in GS is higher than that in the WB.[26]

In addition, female students in GS and WB universities outnumber their male counterparts, where the number of female students in universities providing traditional education was 71,909 compared to 51,575 male students in the academic year 2012/2013, which means that female students constituted 58.2% compared to 41.8% males. In GS specifically, female students in the academic year 2012/2013 amounted to 32,631 at 59.4% compared to 22,305 males at 40.6%, and these ratios are close to those in the WB.[27] This phenomenon is no more deemed strange in the Arab world and while there is no room to study it here, it shows in some of its aspects the success of the Palestinian woman in assuming her position side by side with her male peers. It also shows that Palestinian female students have better chances to finish their university education while male students generally have to leave school and join the job market to help their families with the struggle to afford the costs of living, or even leave home to pursue higher education abroad.

Number of Students in Traditional Universities in GS by Gender 2012/2013[28]

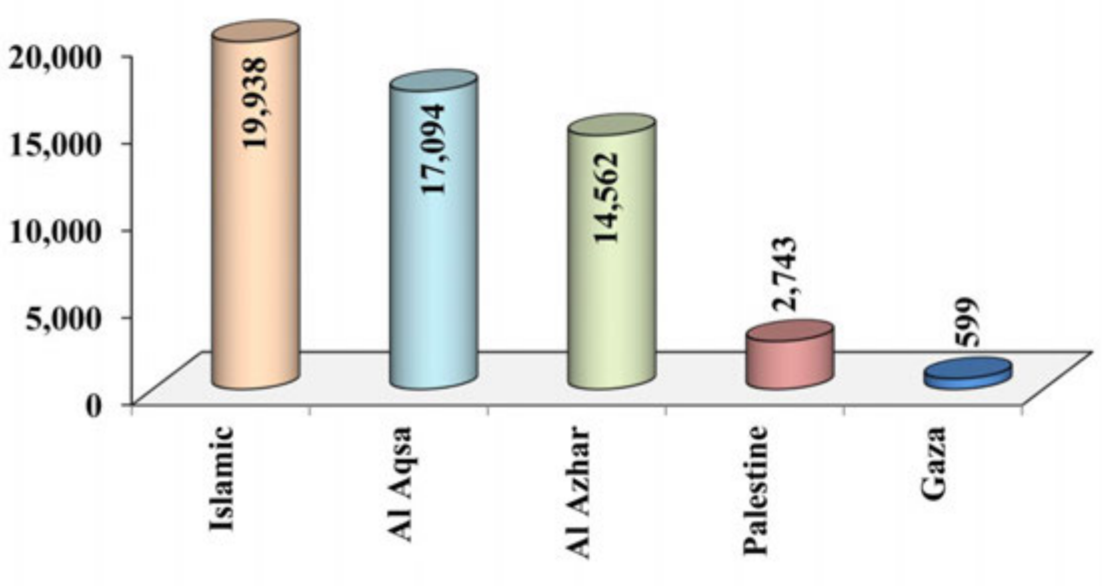
University	Enrolled students		
	Males	Females	Total
Islamic/ Gaza	7,774	12,164	**19,938**
Al Aqsa/ Gaza	4,966	12,128	**17,094**
Al Azhar/ Gaza	7,089	7,473	**14,562**
Palestine/ Gaza	2,200	543	**2,743**
Gaza	276	323	**599**
Total	**22,305**	**32,631**	**54,936**
Percentage)%(	**40.6**	**59.4**	**100**

[26] See Ministry of Education and Higher Education, *Statistical Yearbook 2012/2013* (Ramallah: Ministry of Education and Higher Education, August 2013), http://www.mohe.pna.ps/List/Daleel/Daleel2012-2013.pdf

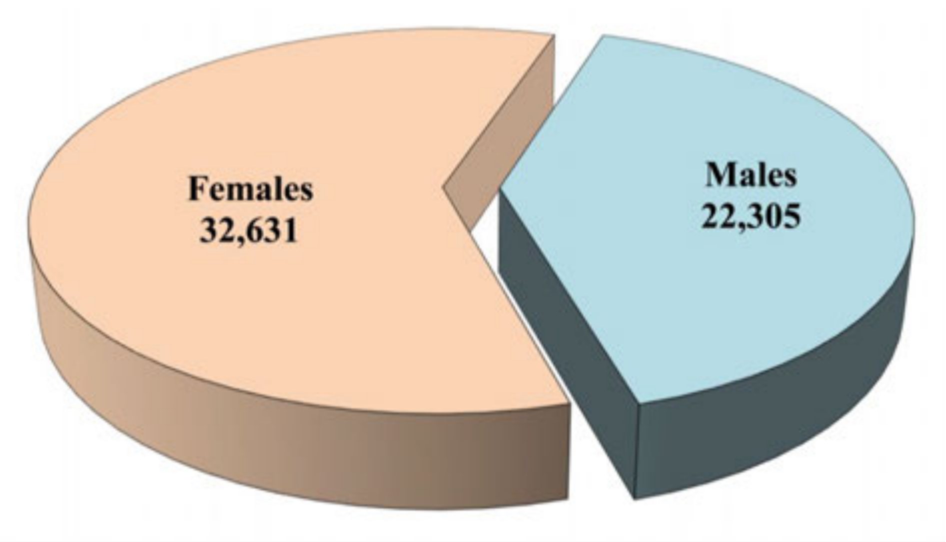
[27] See *Ibid*.

[28] See *Ibid*.

Number of Students in Traditional Universities in GS 2012/2013



Number of Students in Traditional Universities in GS by Gender 2012/2013



Fourth: Health Situation

1. Health Services

Despite the increase in the number of hospitals in the WB and GS from 37 in mid-1996 to 79 in mid-2012, the average number of beds per 1,000 capita has not increased significantly due to increase of population during the same period. Yet, there was development in the number of hospitals and beds in GS from 1996 to 2012, as hospitals constituted only 16.2% of total hospitals in 1996, while they reached 38% in 2012. Besides, the average number of beds per 1,000 capita rose from 0.9 in 1996 to 1.4 in 2012.[29]

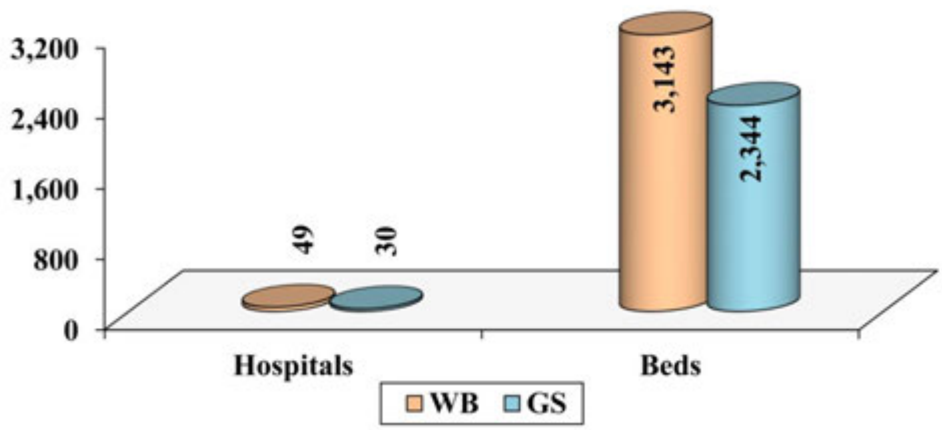
In contrast, number of hospitals in Israel according to CBS was 373 in 2012, which is 372.2% more than Palestinian hospitals. Number of beds reached 43,589 with an average of 5.5 beds per 1,000 capita, which is four folds more than the Palestinian average.[30]

The table below shows the number of hospitals and beds based on PCBS figures:

Number of Hospitals and Beds in GS and WB 2012 (mid-year)[31]

	Hospitals	Beds	Beds per 1,000 capita
GS	30	2,344	1.4
WB	49	3,143	1.2
GS & WB	79	5,487	1.3

Number of Hospitals and Beds in GS and WB 2012 (mid-year)



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[29] For 1996, see PCBS, *Statistical Abstract of Palestine, No. "2"* (Ramallah: PCBS, November 2001), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/Book731.pdf

[30] CBS, *Statistical Abstract of Israel 2013*, no. 64, table 6.6, 6.7 and 6.8, pp. 320–321,
http://www1.cbs.gov.il/reader/shnaton/templ_shnaton_e.html?num_tab=st06_06&CYear=2013
http://www1.cbs.gov.il/reader/shnaton/templ_shnaton_e.html?num_tab=st06_07&CYear=2013
http://www1.cbs.gov.il/reader/shnaton/templ_shnaton_e.html?num_tab=st06_08&CYear=2013

[31] For 2011, see PCBS, *Statistical Abstract of Palestine, No. "13"* (Ramallah: PCBS, December 2012), http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/Book1949.pdf

And as for 2012, see PCBS, *Statistical Abstract of Palestine, No. "14"* (Ramallah: PCBS, December 2013), www.pcbs.gov.ps/Portals/_PCBS/Downloads/book2025.pdf

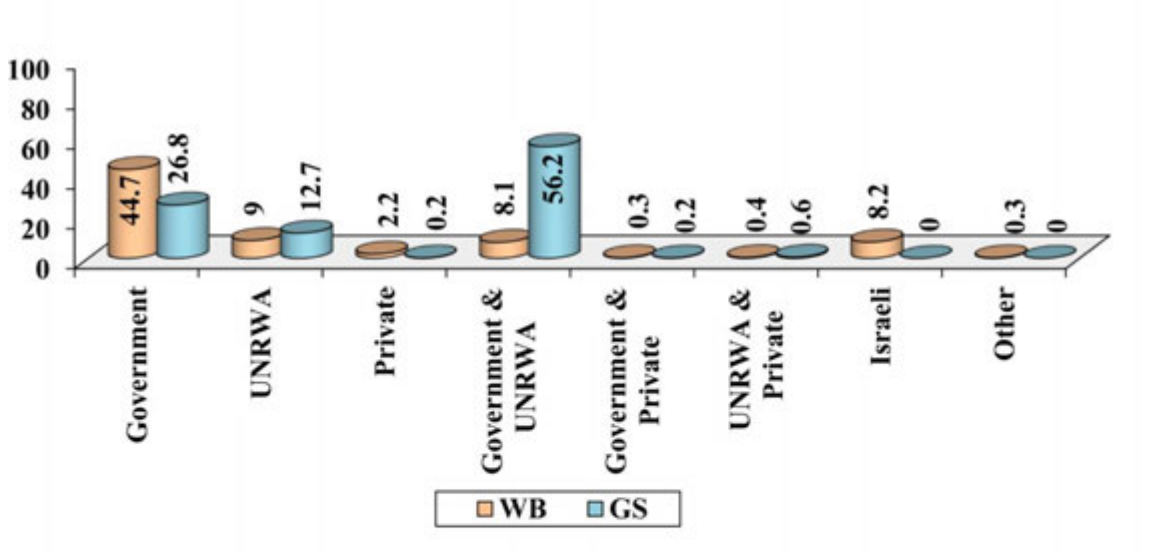
2. Health Insurance

Figures show that 82.2% of Palestinians in the WB and GS benefit from at least one health insurance plan in 2011, while those insured did not exceed 61.5% in 1996. Most citizens depend on governmental health insurance in addition to other forms of insurance such as the private, Israeli and UNRWA insurance. It should be noted that the percentage of individuals who benefit from health insurance is higher in GS than in the WB, where it reached 97% in GS compared to 74.3% in the WB in 2005, and 96.7% in GS compared to 73.2% in the WB in 2011.

Percentage Distribution of Health Insured Persons in GS and WB by Type of Health Insurance 2011 (%)[32]

		GS	WB	GS & WB
% of insured persons		**96.7**	**73.2**	**82.2**
Type of health insurance	**Government**	26.8	44.7	37.9
	UNRWA	12.7	9	10.4
	Private	0.2	2.2	1.4
	Government & UNRWA	56.2	8.1	26.5
	Government & Private	0.2	0.3	0.2
	UNRWA & Private	0.6	0.4	0.5
	Israeli	0	8.2	5.1
	Other	0	0.3	0.2

Percentage Distribution of Health Insured Persons in GS and WB by Type of Health Insurance 2011 (%)



[32] See PCBS, *Statistical Abstract of Palestine, No. "14"*.

3. Labor Force

Figures by Palestinian Ministry of Health show that the labor force in GS comprised 7,639 in 2013. The number of doctors (physicians and dentists) in GS is 2,039, which is 105.3% more than their number in the WB, which is 993. Figures of 2013 show that average number of doctors is 11.8 doctors per 10,000 capita in GS compared to 3.6 doctors per 10,000 capita in the WB. This means that the average number of doctors in GS compared to the population is around three folds more than WB.[33] This also means that the GS has distinguished human resources in the medical field, thus making the health sector able to develop and provide for the needs of development in GS. The following table shows the development of labor force in the Ministry of Health in GS.

Labor Force in Ministry of Health in GS 2013[34]

Profession		Number
Physician	General	1,291
	Specialist	510
Dentist		238
Pharmacist		227
Nurse		1,425
Midwife		78
Paramedical		556
Administration & services		3,314
Total		**7,639**

33 See Palestinian Health Information Center (PHIC)-Ministry of Health, Health Annual Report: Palestine 2013 (Palestine: PHIC-Ministry of Health, June 2014), http://www.moh.ps/attach/704.pdf

34 See *Ibid*.

Fifth: Initial Estimate of Damages Caused by the Israeli Assault on GS

The GS came under a broad Israeli attack between 7/7/2014 and 26/8/2014, lasting 51 days. The Israeli assault, dubbed Operation Protective Edge by Israel and the Eaten Straw Battle by the Palestinian Resistance, is the third war to be waged by Israel on GS in the past six years: After the Operation Cast Lead (*al-Furqan* War) between 27/12/2008 and 18/1/2009; and the war of Operation Pillar of Defense (Operation Stones of Baked Clay) in November 2012. It was clear that the Israeli army used massive collective punishment against civilians in GS, with the mass murder of unarmed residents in their homes, flagrantly violating international laws and human rights charters.

The Killed

The final tally prepared by the Euro-Mid Observer for Human Rights indicates that the total number of those killed was 2,147, including 530 children, 302 women, 23 medical workers, 16 journalists, and 11 employees from the UNRWA.

The Wounded

The number of people injured in the war was 10,870. Their injuries ranged from minor/ moderate to critical. The figure includes 3,303 children and 2,101 women. Preliminary statistics indicate that at least one thousand children will suffer from permanent disabilities.[35]

Israeli Attacks

During the war, the Israeli army launched 8,210 missile attacks against GS, the Israeli naval ships fired 15,736 artillery shells, while the ground forces fired 36,718 artillery shells. The Euro-Mid Observer for Human Rights mentioned in its figures that the Israeli armed forces did not take necessary measures to protect civilians, and launched indiscriminate attacks on them and their properties in many cases.[36]

Destruction of Homes

The assault led to the destruction of 17,132 homes, of which 2,465 were completely destroyed, and 14,667 partially destroyed, in addition to 39,500 homes damaged.[37] The Minister of Public Works and Housing in the government of national consensus Mufid al-Hassayna said that the occupation forces destroyed to a large extent around 20 thousand housing units, rendering them uninhabitable, in addition to nearly 40 thousand sustaining partial, medium, to minor destruction.[38]

[35] Euro-Mid Observer for Human Rights, Israeli Assault on Gaza in Numbers, 28/8/2014.

[36] Ibid.

[37] Ibid.

[38] *Al-Ayyam* newspaper, Ramallah, 24/8/2014.

Source: Palestinian Press Agency (Safa) and Euro-Mid Observer for Human Rights.

Religious Sites

The Palestinian Ministry of Religious Endowments in GS declared that 71 mosques were destroyed and 200 mosques were damaged. In addition to the mosques, more than 24 endowment estates, 12 cemeteries, 6 Zakat committees, a church, a religious school in Gaza, the Islamic Preaching College in northern GS, and the Endowments Directorate in Gaza were destroyed. The total estimate of losses sustained by the Ministry of Religious Endowments was about $35 million, but this is a preliminary estimate.[39]

The Displaced

The number of people who have no shelter after their homes were destroyed reached 100 thousand.[40] This is in addition to more than 300 thousand people who had to flee from their homes because of Israeli bombardment and aggression.

Overall Economic Losses

The Euro-Mid Observer for Human Rights estimated the total economic losses, both direct and indirect, suffered by the economic sector in GS, at approximately $3.6 billion. However, official sources at the Ministry of Public Works and Housing and the Ministry of National Economy in the Palestinian government estimated the total losses in the range of $6–8 billion.[41]

Housing Sector

Based on estimates of the losses of previous wars regarding homes and buildings, economic expert Maher al-Tabba‘ estimated initial losses in the private housing sector and buildings at $990 million. In addition, there are costs estimated at around $100 million associated to removing, sorting, and recycling rubble from the homes and buildings that were destroyed. In addition, there is the cost of renting replacement homes to the tune of $80 million for those whose homes were completely destroyed, and for a period of three years at least until the homes are rebuilt.

Electricity, Water and Environment

The Euro-Mid Observer for Human Rights reported that the Israel targeted nine water treatment plants, and 18 electric facilities. In a preliminary environmental report issued by the PA Environmental Quality Authority (EQA), addressing the effects of the Israeli aggression on the GS, it was stated that more than 50 thousand tons of waste in the alleys and streets had accumulated. The report also said that deliberate Israeli

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[39] See *Alquds* newspaper, al-Quds, 27/8/2014; and according to the Palestinian Economic Council for Development and Reconstruction (PECDAR), 73 mosques were destroyed completely and 205 partially. See *al-Hayat al-Jadida* newspaper, Ramallah, 29/8/2014; and according to the Euro-Mid Observer for Human Rights, Israeli attacks destroyed 171 mosques, 62 completely and 109 partially.

[40] Euro-Mid Observer for Human Rights, op. cit.

[41] See *al-Ayyam*, 24/8/2014; and *al-Quds al-Arabi* newspaper, London, 30/8/2014.

bombardment destroyed a number of water pumping and purification stations, with a direct impact on more than 700 thousand citizens in GS, by depriving them of their natural right to drinking and bathing water.[42] The report pointed out that about 70% of the water facilities have been disabled, as a result of direct targeting, or the disruption of electric and fuel supplies. The Israeli bombardment also destroyed the power plant, whose full production capacity is 140 megawatt, covering approximately 31.1% of the needs of the provinces of GS, as well as destroying electricity transmission grids depriving about 30% of the population of the GS from electricity.[43]

Industrial and Commercial Enterprises

The Euro-Mid Observer for Human Rights documented 19 instances where the aggression targeted financial and banking institutions, in addition to 372 industrial and commercial institutions, and 55 fishing boats. Other estimates reported that the Israeli aggression fully or partially destroyed around 500 large economic facilities, in addition to a large number of small to medium enterprises. Initial direct losses have been estimated to be in excess of $540 million, which are three times the losses of the war mounted on the GS in the year 2008–2009.[44]

Among the factories that were targeted deliberately were the concrete factories, the scale of destruction of which reached 60%. The concrete industry is one of the vital industries in GS in the construction sector, where all construction works depend on this crucial material. The Palestinian market gets all of its needs of concrete through imports, where the imported quantity is broken down according to the source as follows: Israel 80%, Jordan 9%, Europe 6%, and Egypt 5%. Executive Director of the Federation of Construction Industries Farid Zaqout said that 21 concrete factories of 32 in GS have been destroyed during the war, meaning that 60% of the factories have stopped working.[45]

As production stopped in most economic facilities in various sectors during the war (the commercial sector, the industrial sector, the tourism sector, the agricultural sector, the services sector, and the banking sector), Tabba‘ estimated daily losses caused by the disruption in production at around $7.6 million, based on the value of daily output from the total GDP, i.e., around $387 million during that period of the war.[46]

[42] *Al-Ayyam*, 27/8/2014.

[43] *Ibid*.

[44] Maher Taysir al-Tabba‘, “Primary Economic Losses of the Third War on Gaza Strip Exceed Five Billion Dollars,” al-Zaytouna Centre for Studies & Consultations, 3/9/2014, http://www.alzaytouna.net/permalink/77257.html (in Arabic)

[45] Site of Felesteen Online, 30/8/2014.

[46] Maher Taysir al-Tabba‘, op. cit.

Imports to GS during the war declined by up to 58%, with the average number of trucks entering GS daily declining to 107 compared to 250 before the latest war. The total number of trucks entering GS during the war was 5,481, while more than 7,269 trucks were unable to enter.[47]

Educational Institutions

According to the Euro-Mid Observer for Human Rights, the total number of schools targeted was 222, including 141 government schools, 76 schools run by UNRWA, and 5 private schools, while the total number of universities targeted was 6. A statistical report issued by the Ministry of Education and Higher Education said that the damage to the school buildings sector as a result of the Israeli aggression on GS amounted to $13 million.[48]

Health and Relief

Israel hit 10 hospitals, 19 health centers, and 36 ambulances. While the number of charities targeted was 48; these associations provide social services and relief to more than 200 thousand people.[49]

Transport

The Palestinian Ministry of Transport said that its preliminary estimates of the losses caused by the aggression amounted to $12 million, affecting workshops, garages, government vehicles, and civil defense vehicles, as well as vehicles belonging to the health sector. The ministry pointed out that the port-related damage is estimated at $5 million.[50]

Unemployment and Poverty

The Secretary-General of the Federation of Trade Unions of Palestine, Shaher Sa‘ad, said that the aggression on GS disrupted the work of more than 360 thousand workers, rendering their families without a breadwinner. He said that their losses exceeded $73 million.[51] According to Maher Tabba‘, as a result of the cruel attacks against the economic structure, it is expected that the number of poor would increase, and for unemployment to exceed 55% in GS. He also said that more than 30 thousand people are expected to join the ranks of the unemployment, while the rate of poverty and extreme poverty is set to exceed 60%.[52]

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[47] Ibid.

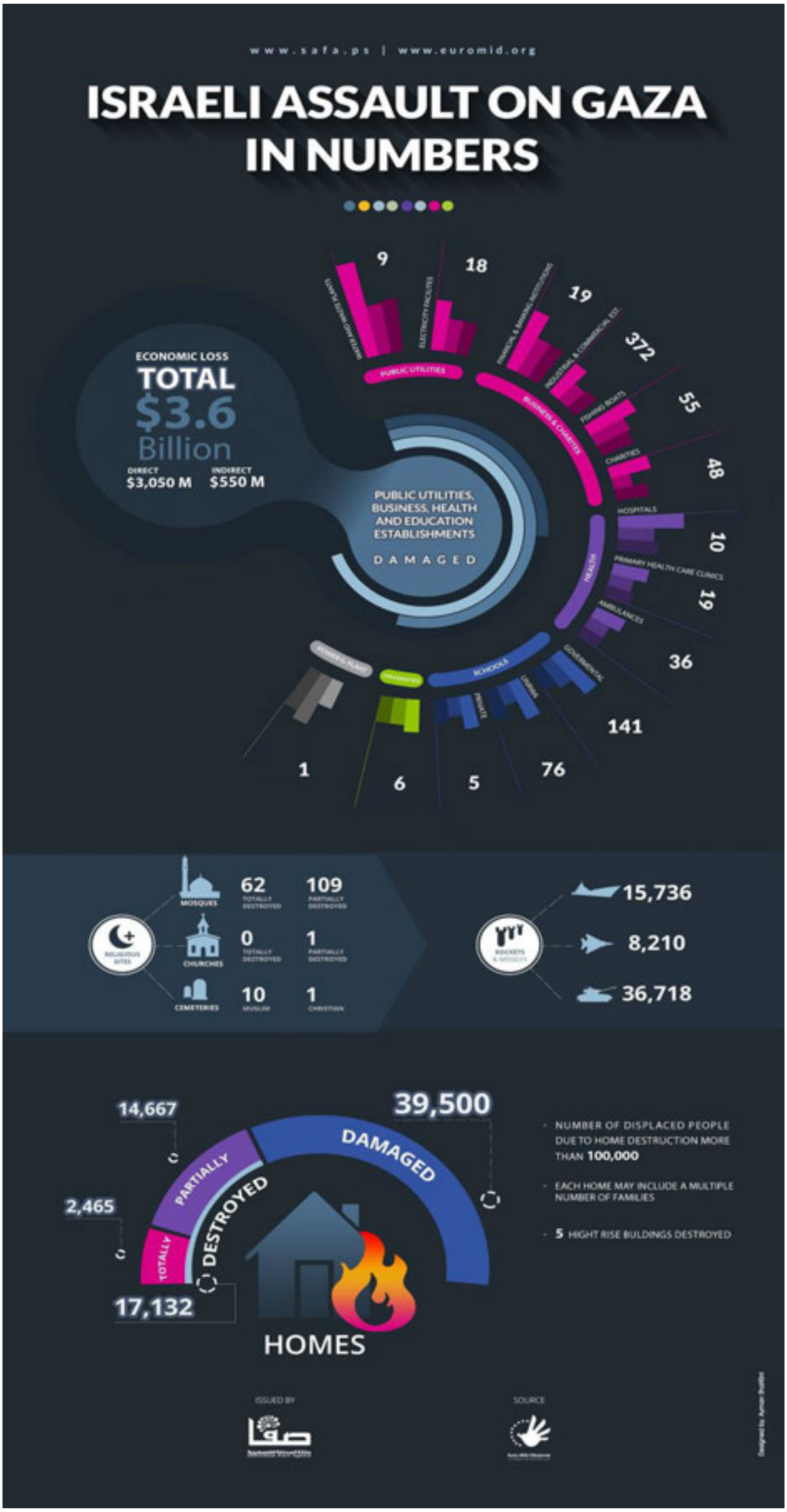
[48] Site of Palestinian Press Agency (Safa), 31/8/2014.

[49] Euro-Mid Observer for Human Rights, op. cit.

[50] Safa, 26/8/2014.

[51] Site of Quds Press International News Agency, London, 24/8/2014.

[52] Maher Taysir al-Tabba‘, op. cit.



Source: Palestinian Press Agency (Safa) and Euro-Mid Observer for Human Rights.

Emergency Needs

As Deputy Prime Minister and Chairman of the Committee for the Reconstruction of the GS, the Minister of Economy in the consensus government, Dr. Muhammad Mustafa told *al-Hayat al-Jadida* newspaper, the new government is in need of $300 million to meet the urgent needs of the Gazans.[53] The Ministry of Public Works and Housing also declared that GS urgently needs five thousand mobile homes to house the displaced.[54] UNRWA declared that it would pay rent allowances to the owners of fully destroyed homes during the aggression waged by Israel against GS. Mufid al-Hassayna said that GS had a shortage of housing units prior to the aggression estimated at about 75 thousand units, a figure that is now 105 thousand units. He added that it has been agreed with UNRWA and the United Nations Development Programme (UNDP) that a monthly rent allowance would be paid to affected families, ranging between $200 and $250 per family.[55]

[53] *Al-Hayat al-Jadida*, 31/8/2014.

[54] *Al-Quds al-Arabi*, 2/9/2014.

[55] *Al-Hayat* newspaper, London, 12/9/2014.

Sixth: Development and Reconstruction in the Face of the Siege and Destruction

It should be noted in the beginning that GS is an integral part of Palestine. While it represents a special geographical case because of the Israeli occupation and its measures, Palestinian geographical unity must be stressed, the occupation and its practices must be rejected, and the attempts to isolate and single out GS must be resisted.

A few months after the Israeli withdrawal from GS, and following Hamas's victory in the elections for the Palestinian Legislative Council (PLC), Hamas went on to form the Palestinian government in GS (and the WB), under a crippling Israeli siege. In effect, the Israeli siege was tightened further when the caretaker government led by Hamas took over GS since mid-2007, after which three major wars were waged on GS, the latest of which in the summer of 2014.

This part attempts to overview the strengths and possible opportunities for the development of the Strip, and to determine weakness and possible risks. It will also attempt to specify the priorities of development, reconstruction, and the criteria to apply when executing plans.

1. Strengths and Possible Opportunities

a. Human Resources

The GS has an exceptional pool of human resources, providing many specialties in various areas. It also has a large number of skilled workers, while the Palestinian individual in general has a serious, vital, productive, and ambitious nature. The reality of the occupation and its practices has led to a sense of purpose among Palestinians. They are aware of challenges, seek liberation, and want to benefit from all available opportunities no matter how small.

The GS (and Palestine in general) has one of the best records in effacing illiteracy in the Arab/Muslim world, with the illiteracy rate standing at 3.2%.[56] The GS also boasts of one of the highest ratios of university enrollment, with approximately 54,936 students enrolled in GS universities.[57] The Strip also has a high number of doctors and health workers, overtaking the WB and many other Arab countries in this regard.

If we take the "positive aspect," from a purely economic perspective, of rising unemployment and poverty, the availability of manpower at reasonable wages would facilitate many projects, which would not have to bear high budget costs as a result.

[56] See PCBS, http://www.pcbs.gov.ps/Portals/_Rainbow/Documents/Education-1994-2013-11E3.htm
[57] See Ministry of Education and Higher Education, *Statistical Yearbook 2012/2013*.

For this reason, opportunities of investment and economic growth are an important possible scenarios. The national production may expand in a number of sectors that would meet the needs of the local market at least, as part of the "import substitution" strategy. The basis for this is that the local market has a high demand for many consumer and productive goods and services, while the productive institutions and units of the private sector can make some production fundamentals locally available.

Such a strategy would create many advantages, most notably: Taking advantage of the local productive capacity, which has been disabled by Israeli restrictions or attacks. Furthermore, this strategy would absorb a proportion of the appropriately qualified workforce and expand productive capacity required by new investments.

b. The Israeli Withdrawal

The Israeli withdrawal from GS, fall of 2005, ensured a higher ceiling of freedom of movement and work. The Palestinians reclaimed the lands once seized by Israeli settlements; 40% of GS area. The Palestinians were able to run their internal affairs away from the direct dominance of the occupation.

c. The Sea Outlet

GS has a coast over the Mediterranean that is over 40 km in length. This creates broad opportunities for trade with the outside world, and facilitates imports, exports, development, and reconstruction. Naturally, this is contingent upon an end to the Israeli marine siege on GS.

d. The Land Contiguity with Egypt

Regardless of the special circumstances witnessed by Egypt, GS represents a strategic depth for Egypt, and is part of its national security. GS was ruled by Egypt for 19 years (1948–1967). Furthermore, Egypt has a vital position in the Arab/Muslim world and Africa, and a crucial role to play in the Palestinian issue. GS borders with Egypt are a strength for the Strip, when Egypt regains its own strength and national, regional, and Islamic role.

e. Gas

In 1999, two gas fields were discovered around 30 km off the GS coast. The first field is completely located within GS territorial waters, while the second overlaps with the border region with Israel. The volume of gas discovered is around 33 billion cubic meters, which is enough to meet the needs of GS and WB for 25 years. Israel blocked any bid to develop the gas fields in the aftermath of *al-Aqsa Intifadah* in 2000, and then with the siege imposed on GS. Israel resumed negotiations with the PA over the gas fields, especially in the past two years (2012–2013). Palestinian Prime Minister Rami Hamdallah declared that Palestine would become a gas producer in 2017. The gas fields provide important investment opportunities for GS, and reduce its energy dependence. However, investing in the field requires around $1.5 billion, though this is worthwhile economically and strategically.

2. Risks and Challenges

a. The Israeli Occupation

GS and WB fell under Israeli occupation since 1967. GS suffered tremendously from repressive Israeli policies, which made the Strip (and WB) dependent on Israeli economy, and denied of its natural growth. Israel controlled its exports and imports, and marine and aerial border terminals, and prevented it from developing a real investment and production climate, not to mention the necessary infrastructure to foster it. GS continues to suffer from the effect of these policies even after the Israeli withdrawal in the fall of 2005. According to international norms, GS remains an occupied zone, given Israel's continued control of its various border terminals, and denying it full freedom to control these.

On the other hand, the WB remains occupied, and the national consensus government in Ramallah, which is supposed to takeover the GS administration, may find itself bound by Israeli measures and conditions, and also by the associated agreements and economic arrangements (the Paris Protocol); including money transfer, and security and political measures on the ground. This would complicate any reform process on the ground.

b. The Siege

The GS suffers from a systematic and cruel Israeli siege, especially since Hamas won the elections and formed a government in 2006. The siege seeks to undermine and depose the Hamas government. Even though the Israelis failed to achieve this, the siege has caused immense suffering for the people of GS, increasing poverty and unemployment rates, and preventing siege from importing most of its needs and exporting its products. The siege also denied GS the ability to use its seaports and airports… and restricted the movement of individuals dramatically. In addition, it denied GS the ability to develop and rebuild except under the conditions and parameters the Israeli side sought to impose. GS practically turned into the world's largest open-air prison. All this meant that Gaza operated at only half its capacity, with the GDP and the GDP per capita being less than half of what would be expected without the siege.

The Israeli siege continues in varying degrees, and Israel continues to link easing it or lifting it with conditions related to ending resistance and disarming the Resistance, and with the Palestinian government in Ramallah taking over GS. It also links allowing GS to operate the airport and seaport to final status issues and the peace process.

c. Palestinian Division

The Palestinian national project is split between two projects, one that adopts the peace process and the other armed resistance. While the peace process is endorsed by the PLO and PA, and is supported by Fatah and regional and international powers; resistance has the support of a large segment of Palestinians making it win the 2006 elections, and endure and lead GS for around seven years. Despite the reconciliation agreement between the two sides (4/5/2011), and despite the stepping aside of the caretaker government, led by Isma'il Haniyyah, from governing GS, with a national consensus government formed in June 2014; signs of dispute continue. The spirit of one party seeking to dominate another (rather than partnership) continues to govern the relationship between the two sides. The Palestinian people have paid a lofty price for this division for years, and its representative and leadership institutions have been affected as well as its abilities to mobilize and rally the support of Palestinians. Finding ways to support the Palestinian issue in the Arab world and internationally was affected, too.

It is not far fetched for tension to return between the two sides, especially in a regional climate that may encourage one side against the other, and at a time when the peace process is faltering, while various parties seek on the other hand to uproot resistance and Islamist movements.

d. Peace Agreements in Place

The 1993 Oslo Accords practically preserved Israeli domination over the WB and GS. The Paris Protocol perpetuated this at the economic level, ensuring that the PA's emergent economy would not hurt the Israeli settlement project in Palestine, and that it would only serve a purely functional-consumerist purpose without having the fundamentals for standing on its own feet, being lacking in sovereignty. This protocol did not transfer economic decision-making to the Palestinian side, and did not even make the latter a partner in decision-making related to the Palestinian economy.[58]

The deviation of the GS government and the resistance forces from the course set by the Oslo Accords and its fallouts, created an opportunity to impose Palestinian will on the Israeli occupation. However, the risk once again involves the attempt to subdue GS, under the consensus government and the current Palestinian presidency, which continue to insist on the peace process and adhere to the agreements.

e. Political Money

The PA budget relies on foreign aid to a large extent. The total grants and foreign aid accounted for 58.5% of the total PA revenues in 2013, and 63% of total revenues in the budget of 2014. Most of the donor countries are Western countries that support the peace process, and link their aid to PA with agreements with Israel. Thus, this money is conditional upon the PA fulfilling the functions expected of it, led by "renouncing terrorism" and violence, committing to Israel's security, and preventing and combatting armed resistance. Furthermore, the Israeli side handles the tax collection of the PA's foreign trade, which amounts to 60% of the PA's total revenues excluding foreign aid. Israel exploits this situation politically using these funds to pressure the PA, and sometimes it freezes them when its conditions are not met.

[58] Hussien Abu al-Namel, "The Political Economy of Oslo 1993–2013 and its Precursors 1967–1993," in Mohsen Moh'd Saleh (ed.), *al-Sultah al-Wataniyyah al-Filastiniyyah: Dirasah fi al-Tajrubah wa al-Ada' 1994–2013* (The Palestinian National Authority: A Study of the Experience and Performance 1994–2013) (Beirut: al-Zaytouna Centre for Studies & Consultations, 2014). (under publication)

According to the Palestinian economic expert, Dr. Hussein Abu al-Naml, "We have a paradox in the political economy, with a local PA tasked to protect a foreign enemy that occupies it—Israel—though this enemy contributes to funding a part of the PA's budget out of what it collects from its citizens."[59]

The fear here is that the PA, after the consensus government takes over GS, would become preoccupied with fulfilling what is dictated by political money in implementing programs in GS. Any Israeli or donor countries insistence to marginalize Hamas and the Islamic Jihad Movement in Palestine (PIJ), or to disarm the resistance, could lead to an internal dispute and the deterioration of Palestinian reconciliation. It could also lead to disrupting reconstruction efforts in an attempt to blackmail resistance forces and show that these forces are the reason behind the closure of the crossings and the disruption of relief and reconstruction.

f. Issues of Geography and Area

Gaza's surface area does not exceed 363 km^2, and yet is home to around 1.8 million Palestinians, a population density of about 4,960 people per km^2, one of the highest in the world. This is coupled with limited lands available for investment and development, and the difficulty of expanding farm and industrial land.

The Israeli occupation is also heavily present along its northern and eastern borders, while it is prohibited from fully exploiting its shores. Its only Arab crossing (Rafah) with Egypt has been closed most of the time for years now.

GS as a whole has a flat terrain, making it difficult to protect it and exposed to air strikes. Were it not for the resistance's innovative tactics in using tunnels and its exceptional performance against the occupation, GS would have been overrun quickly.

g. Natural Resources

GS is poor in natural resources such as oil, minerals and timber... which reduces investment and self-reliance opportunities, and weakens industrial production processes. This situation makes GS dependent on imports to provide a lot of its needs and requirements for growth. It raises the cost of production, and also makes the Israeli siege and the closure of the Egyptian crossing have a significant impact on its economic situation.

h. Destruction

GS has suffered the effects of three devastating wars in the past few years, which have destroyed thousands of housing units, infrastructure, government buildings, factories, farms, water treatment plants, power plants, and schools…

[59] *Ibid.*

Total GS losses as a result of the 2008/2009 war was about $2 billion, while GS has lost at least $4 billion in the 2014 summer war.

Many housing units have been destroyed in the first war and have yet to be rebuilt. It is expected that if Israeli obstructionist attempts continue, with Egypt and the Arab and world states stalling, reconstruction would take many years, and the suffering of the Gazans would last for a long period of time. That is, their “wounds would be left to fester” while they are being blackmailed for political and security concessions.

i. Decline in the Investment Climate

This is the climate required for investors, whether local Gazan investors or foreign non-resident ones. This climate is affected by Israel’s devastating wars and the possibility of renewed Israeli attacks, where Israel targets productive facilities that were able to compete with foreign alternatives. These factors make investment a risky process, with a high level of risk for capital. In addition to this, there are the complications related to the siege and the difficulty in importing and exporting.

j. Regional Environment

The regional environment surrounding GS (and occupied Palestine in general) since early 2011 has witnessed revolutions, major shifts, and unrest. It has also witnessed conflicts among local factions and intervention by regional and international powers supporting one side against the other. This instability has negatively impacted Arab states and peoples and their ability to support the Palestinian issue. Furthermore, the state of exhaustion and deteriorating economic and security situation suffered by these countries, with growing divisions and sectarian and ethnic conflicts, created a strategic environment that is almost ideal for the Israeli side, which found itself in a very comfortable setting. This situation also led some regimes to become preoccupied with cracking down on political Islam, and to seek to end Islamist resistance factions in Palestine. However, the strong situation enjoyed by Islamist movements in GS makes them a fundamental component in any national reconciliation, and indeed, in any Palestinian economic and developmental enterprise. Any attempt to strike these movements could lead to an explosion and conflict.

In addition, the Egyptian regime led by Sisi has a very negative stance towards Hamas, and has sought practically to tighten the noose around it through the destruction of most of the tunnels between the GS and Egypt (more than 1,660 tunnel), and through the closure of the Rafah crossing to passengers in most of the time. Moreover, the position of the Egyptian regime and a number of Arab regimes was not positive vis-à-vis the GS resistance factions and during the Israeli assault. Thus, continuing to close the Rafah crossing for a long period of time and to restrict movement through it, and supporting one Palestinian side against another, could constitute a regional climate that impedes development in GS.

k. International Environment

The United States of America (US) and its allies, who have a crucial role to play in international decision-making and in shaping international attitudes, provided cover to the Israeli assault on GS. They sympathized with Israel as a state that is above the law, and did not put an end to the Israeli aggressive, destructive, and arrogant conduct. Nor did they undertake any serious efforts to force the Israeli side to end the GS siege. It is thus very possible for this international order to turn a blind eye to any Israeli bid to impede lifting the siege or hinder reconstruction. These international powers would impose political conditions on the Palestinians so they can get aid for reconstruction, for example by demanding an end or disarmament of the resistance, or by imposing the Quartet conditions or marginalizing Islamist movements. All this falls within the scope of blackmailing the Gazans with humanitarian aid, or to subdue the Palestinian national project to meet the wishes of the occupation rather than get rid of the occupation.

3. The Most Prominent Priorities for Investment and Economic Development

The Palestinian economy in GS makes it possible to make leaps in many areas, most notably:

a. The Construction Sector

The construction sector primarily covers housing needs, especially since the GS has a large deficit in this area, estimated at 70 thousand housing units with 10–15 thousand additional units being needed annually. These units are to meet the requirements of couples wishing to marry, as well as the requirements of annual natural growth resulting from high population growth. This is in addition to the need to replace old housing units.

The above is linked with the need to rebuild tens of thousands of housing units attacked in the most recent war (July–August 2014).

b. The Information Technology Sector

The information technology sector is a promising one, which can overcome the obstacles of the siege and all other restrictions imposed on border crossings. Well-qualified human resources are available for it, in addition to a broad external market as well as a domestic one. Indeed, two Palestinian companies were chosen as being among the best new startups globally, an important and unprecedented achievement at a global level. Palestine was thus represented at the Dublin Web Summit alongside major global corporations, allowing networking and the exchange of information in the service of the IT sector in Palestine and placing the country on a leading position in this area.[60]

[60] *Al-Hayat al-Jadida*, 2/9/2014.

4. Criteria That Must Be Observed in Addressing the Destruction Resulting From the Israeli Assault

There is a need to develop necessary rules, regulations, and standards for dealing with the destruction from the Israeli aggression, most notably:

a. Using a data bank that would contain accurate and detailed information on the damage sustained by various aspects of life in GS: number of killed and wounded, patients with chronic conditions and psychological disorders classed by diagnosis and age; buildings that were partially or totally destroyed, including residential and educational buildings, healthcare facilities, public and private facilities; in addition to movable and immovable properties such as cars, agricultural land, factories, shops, and others. This data must contain the extent and type of damages, including an estimation of the huge volume of rubble, identifying the type of heavy engineering equipment needed for clearing, transporting, and disposing of debris, in addition to the steps needed for restoration and reconstruction works, with a realistic financial estimate without any over or underestimation.

b. Putting certain factors under consideration when planning for the needs and requirements of the near GS future. The lack of available space in GS—not exceeding 363 km^2—in addition to the high rate of population growth and high population density. This is not to mention chronic infrastructure problems including sharp power shortages, the accumulation of large quantities of untreated sewage, pollution, and the salinity of drinking water in a way that makes it unfit for human use. In addition, there is the beach pollution, which is the main outlet for Gazans, and which could also contaminate fisheries.

c. International standards in force in various countries at the level of international healthcare, educational, environmental, and human rights organizations should be the benchmark for the minimum criteria to be bound by in GS. They should also be the benchmark for adequate human life, food, health, and the environment, which takes into consideration the lack of space for various use, rapid population growth, and limited natural resources in GS.

5. Towards Using Funds and Aid Effectively to Meet the Needs of Those Affected

With the skyrocketing cost of restoration and reconstruction works, and the difficulty of securing necessary funds to meet these requirements, as many donor countries drag their feet over providing fund for this purpose; the need thus remains urgent for using funds and aid efficiently. Accordingly, the needs that must be met can be classified as follows:

a. Urgent humanitarian and sheltering needs: Tens of thousands of families had lost their livelihoods, assets, and/or homes, and continue to live in temporary shelters such as the schools of UNRWA and government schools, or with friends and family, or even in tents that are unsuitable for human needs in summer or winter. These need adequate shelters that preserves their dignity as well as their needs, in addition to securing their food and relief requirements. This is while bearing in mind that this period coincided with the start of the academic year for public schools and universities, which necessitates providing financial support for those affected, other than shelters and food aid.

b. Addressing chronic vital issues related to infrastructure, which have been addressed by international reports on several occasions, stating that GS would be "uninhabitable" by 2020 based on current living, infrastructure, and environmental conditions. These in turn require radical and not temporary solutions, including improving the supply of electricity which has suffered from severe shortages throughout the past eight years, greatly hurting various segments of society.

Water levels in the underground aquifers have dropped, in tandem with the rising salinity and contamination, thus making around 90% of drinking waters unsuitable for human use or even irrigation. This means that agricultural products and fishery products do not comply with the safety standards for human use. This in addition to ground and air pollution, exacerbating the accumulating environmental problems.

c. Starting to fulfill relief and sheltering requirements mentioned above, in addition to addressing the problems of infrastructure, will create better conditions for restoration and reconstruction works. Hence, there will be new, more stable, and more reassuring investment opportunities, which will encourage implementing investment projects in manufacturing and services, with suitable profit margins.

d. It is important when classifying the areas of investment to adhere to human rights standards, set forth by international conventions. Among these is the right to a minimum standard of decent life, similar to what is available for all the peoples of the world, and the right to work that meets necessary human needs such as water, food, and medicine. This is in addition to the right to learn adequately, and the right to adequate healthcare away from any epidemiological or disastrous conditions.

e. It is also important to say that the steps that precede reconstruction programs must be based on a comprehensive plan to stimulate the GS economy and development process, in harmony with the general Palestinian economic development plan. This would form a cohesive and durable economic basis for the Palestinian national project and the economy of the Palestinian state.[61]

[61] Palestine Economic Policy Research Institute (MAS), unpublished background paper for a workshop entitled "The Challenges of Reconstruction and Economic Recovery in Gaza Strip Following the Recent Economic Aggression," the second draft, Ramallah-Gaza, 3/8/2014.

Conclusion

The GS is a precious part of the blessed land of Palestine. Despite its small area and high population density, and despite its immense suffering in many forms, it has shown an exceptional example in steadfastness and innovation. GS thus deserves all help and support, having been subjected to the brutality of the Israeli occupation, its siege, and its barbaric aggression over many years, where its homes, infrastructure, and economic facilities were destroyed in the process. Supporting GS and ending the siege and all forms of Israeli dominance, as well rebuilding it, is a Palestinian, Arab, Islamic, and humanitarian duty.

Technically speaking, providing a unified Palestinian political cover for governing and rebuilding the GS, and the presence of a competent and effective central entity that oversees the process, without submitting to Israeli dictates or those of the politically motivated funding from the donor countries, are important factors for providing support and relief for GS and for the reconstruction process.

The difficult humanitarian conditions in GS require rapid and effective intervention to meet the various GS needs, to build tens of thousands of housing units, shelter the displaced, and repair infrastructure. Furthermore, any development process in GS must be part of a mechanism to end the occupation, foster self-reliance, benefit from local competences and skills, open land, sea, and air ports, open up exports and imports, and build a productive—and not consumerist—economy that seeks to develop the mechanisms of steadfastness on the ground.

قطاع غزة

التنمية والإعمار في مواجهة الحصار والدمار

تحرير

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