



Gaza: Opportunities for Reconstruction and Economic Development

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2014 conflict has worsened an already desperate situation

Prior to July 2014 Palestinian residents of the Gaza Strip were facing an enormous humanitarian and development challenge, with one of the highest population densities in the world, high poverty and unemployment rates, a chronic lack of potable water, electricity shortages, and longstanding economic restrictions severely impeding everyday life.

The July / August 2014 conflict has exacerbated an already desperate situation. In addition to the tragic loss of life, injury, and internal displacement of civilians, UN estimates indicate that a range of essential infrastructure was severely damaged or destroyed:¹

- —18,000 housing units destroyed or severely damaged (5% entire housing stock); 44,300 housing units damaged (13% entire housing stock).
- —20-30% of the water and sewage network damaged.
- Gaza Power Plant out of service; internal electricity grid damaged; electricity deficit of over 60% (~150MW available vs over 400MW demand).
- Extensive damage to telecommunications and internet infrastructure.
- Extensive damage and destruction of factories and commercial buildings.

After three significant, intense conflicts in just five years, the Gaza Strip is in need more than ever of a long-term strategy that leads to sustainable change. Critical need for strategy which integrates immediate reconstruction efforts with long-term economic needs

Gaza is in urgent need of the essential humanitarian and reconstruction efforts currently being led by the UN and PA.

However, sustainable change will only be achieved through combining these efforts with a long-term strategy focussed on addressing the underlying economic causes of conflict in Gaza.

To deliver transformative change in Gaza, to prevent a return to the cycle of conflict, and thereby to support the peace process, any long-term economic strategy must address both economic and political issues including:

- **Private sector** : The Gazan private sector need to be involved in reconstruction and long-term economic development processes at every stage.
- **Investment** : Major new international investment is needed to drive both the recovery and long-term development of the Gazan economy.
- **Borders** : Restrictions on the movement of people and goods into and out of Gaza must be lifted to enable major catch-up economic growth.
- **Governance** : Operationalisation of the Palestinian Consensus Government in Gaza is essential to create a single legal and economic Palestinian entity, necessary for new business and new investment in Gaza.
- **Security** : Legitimate security concerns in Gaza must be met and resolved with agreement and cooperation from all sides, to facilitate other economic enablers.

IPE in Gaza: A strategy prioritising Gaza's immediate and long-term economic needs

The **Initiative for the Palestinian Economy (IPE)** is an ambitious plan designed to effect transformative change and substantial growth in the Palestinian economy and create hundreds of thousands of new jobs across both the West Bank, including East Jerusalem, and the Gaza Strip.

The IPE complements current UN and PA humanitarian and reconstruction efforts in Gaza. The IPE situates these efforts in the context of greatest overall value to the Gazan economy, ensuring that redevelopment efforts are sustainable and meet Gaza's long-term needs. The IPE prioritises:

8 Economic Sectors : The IPE sets out sector strategies and specific project proposals for 8 key economic sectors in Gaza, designed to attract major new investment and generate private sector-led growth in Agriculture, Building Materials, Construction, Energy, ICT, Light Manufacturing, Tourism, and Water.

Cross Cutting Enablers : The IPE identifies a series of cross-cutting enablers in Gaza capable of effecting major transformative change across the economy and catalysing multi-sector growth. The IPE provides a framework and specific proposals for reforms (e.g. legal, policy, security) in order to realise these enablers and effect this change.

IPE in Gaza: Integrating the Palestinian private sector in reconstruction and redevelopment efforts

The IPE identifies that the Palestinian private sector is vital to the success of reconstruction efforts and the long-term economic development of Gaza. Recovery and reconstruction efforts cannot happen, in isolation; the Palestinian private sector must be fully involved at the outset if these initiatives are to be successful over the long-term. Private sector-led growth is the most reliable way to ensure that economic developments are both viable and sustainable. The IPE's initiatives are designed to maximise new investment in the Gazan private sector, to open new markets to Gazan businesses, and improve business profitability, whilst ensuring that Gazan and Palestinian businesses remain the drivers for new growth and new development.

The IPE therefore provides a framework to link the private sector in Gaza to a range of business opportunities presented by reconstruction initiatives, to ensure such initiatives meet both the immediate and long-term needs of the Gazan, and wider Palestinian, private sector and economy.

We are working closely with the Palestinian private sector to link Gazan businesses to new opportunities and new investment

Sources: 1: 'Gaza: Initial Rapid Assessment', UNOCHA, 27th August 2014

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