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GAZA RAPID DAMAGE AND NEEDS ASSESSMENT JUNE 2021

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**GAZA RAPID DAMAGE
AND NEEDS ASSESSMENT
JUNE 2021**

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1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

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This report summarizes the findings of the Rapid Damage and Needs Assessment following the most recent conflict in Gaza. The assessment was carried out between May 25th and June 30th, 2021. Although all efforts have been made to improve the accuracy of the information that was collected and analyzed, the assessment was produced in a relatively quick timeframe to ensure relevance of the estimation of damages and needs. To mitigate the limitations in data collection, the team relied on the use of remote data tools such as high-resolution satellite imagery and social media monitoring as well as the information and guidance provided by UN and humanitarian agencies on the ground in Gaza. *This is a “live” document and will be updated as new information becomes available.* The assessment provides an overall picture of the damages and needs of the May 2021 conflict on the population, physical assets, infrastructure and service delivery, but is not a replacement of in-depth sector-specific assessments.

Forward

The overall socioeconomic conditions in the Palestinian territories (The West Bank and Gaza (WB&G)) deteriorated throughout the early months in 2021, driven by the COVID-19 pandemic, political instability, increasing tensions, and a dire development situation. Between May 10th and 21st, the conflict between Israel and armed groups in the Gaza Strip [hereon referred to as 'Gaza'] escalated with more than 4,300 rockets fired from Gaza towards cities and towns across southern and central Israel, and Israeli forces carrying out over 1,500 strikes from air, land and sea. This was the most serious escalation of the conflict between Israel and Palestinian armed groups in Gaza since the 2014 conflict.

Inside Gaza, which is one of the most densely populated areas in the world, this escalation resulted in significant destruction of homes, businesses and infrastructure, damaging the economy and degrading public services. The impact has exacerbated an already dire humanitarian and development situation that resulted from various conflicts since the mid-2000s, significant Israeli restrictions on the entry and exit of people and goods, the COVID-19 pandemic and internal Palestinian divisions.

Even before the latest escalation, the unemployment rate in Gaza was 48 percent in the first quarter of 2021; poverty rates were above 50 percent; and approximately 80 percent of Palestinian households were receiving some form of social assistance. This has led to an unsustainable situation for the people of Gaza which contributes to regional instability.

In response, the international community is providing humanitarian support and extending assistance consistent with the immediate needs of the people of Gaza. The Humanitarian Flash Appeal issued on May 27, 2021 by the Humanitarian Coordinator identifies US\$ 95 million in critical assistance needs for shelter, water and sanitation, health, education, protection, and other key areas. This emergency relief phase is intended to last around three months and to transition swiftly to successive 'immediate' and 'short-term' recovery.

The World Bank Group (WBG), the United Nations (UN), and the European Union (EU) launched a Rapid Damage and Needs Assessment (RDNA) immediately after the cessation of hostilities to estimate the impact of the conflict on the population, physical assets including infrastructure, economy, and services in Gaza. This RDNA utilized remote tools and technology, supplemented with data from ground surveys where possible.

To validate and ground the assessment, the WBG, working with the UN and EU, engaged in a series of meetings with multiple stakeholders, including the Palestinian Authority (PA), the diplomatic and donor community, the civil society, youth and women's groups, and the private sector.

Our teams worked from the region and across the globe to produce this report only weeks after the fighting ceased. Due to the rapid nature of the assessment, the RDNA estimates are preliminary and provide ranges. Nonetheless, the RDNA provides an initial foundation and guide for the immediate-and-short-term recovery and reconstruction phase. The report identifies priority interventions and initial policy reforms to help move forward the recovery and reconstruction process for the medium and long term. The preparation of the latter will take place between July and September 2021.

We wish to thank our Palestinian friends and colleagues, the teams of national and international experts, and other stakeholders who contributed to this report. We stand ready to continue to provide critical support to the Palestinian people in the coming months and to take this work forward within a broader political framework addressing the structural drivers of the conflict.

Sven Kühn von Burgsdorff

Head of Delegation
European Union Representative
to the West Bank and Gaza

Kanthan Shankar

Country Director
for the West Bank and Gaza
The World Bank

Lynn Hastings

Deputy Special Coordinator to
the Middle East Peace Process
United Nations Resident and
Humanitarian Coordinator

Acronyms

ARA	Access-Restricted Areas
AHLC	Ad Hoc Liaison Committee
BBB	Building Back Better
CAFEF	Conflict Affected and Fragile Economies Facility
CBO	Community-Based Organizations
CGE	Computable General Equilibrium
CMWU	Coastal Municipalities Water Utility
CSOs	Civil Society Organizations
CTP	Cash Transfer Program
ECD	Early Childhood Development
ERW	Explosive Remnants of War
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investments
GBV	Gender-Based Violence
GEDCO	Gaza Electricity Distribution Company
GDP	Gross Domestic Product
GENRP	Gaza Electricity Network Rehabilitation Project
GIE	Gaza Industrial Estate
GPP	Gaza Power Plant
GoI	Government of Israel
GRM	Gaza Reconstruction Mechanism
ICT	Information, Communication and Technology
IDP	Internally Displaced People
IFC	International Finance Cooperation
ILO	International Labor Organization
IsDB	Islamic Development Bank
ISPs	Internet Service Providers
JSC	Joint Service Councils
LV	Low Voltage
MDLF	Municipal Development and Lending Fund
MDTF	Multi-Donor Trust Fund
MFI	Microfinance Institutions
MHPSS	Mental Health and Psychosocial Support
MIGA	Multilateral Investment Guarantee Agency
MIS	Management Information System
MoA	Ministry of Agriculture
MoC	Ministry of Culture
MoL	Ministry of Labor
MoSD	Ministry of Social Development
MPWH	Ministry of Public Works and Housing

MTIT	Ministry of Telecommunications and Information Technology
MV	Medium Voltage
NGO	Non-Governmental Organization
NPLs	Non-Performing Loans
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the High Commissioner for Human Rights
OQ	Office of Quartet
PA	Palestinian Authority
PaITel	Palestine Telecommunications Company
PCBS	Palestinian Central Bureau of Statistics
PENRA	Palestinian Energy and Natural Resources Authority
PCMA	Palestine Capital Markets Authority
PDNA	Post-Disaster Needs Assessment
PID	Partnership for Infrastructure Development
PMA	Palestine Monetary Authority
PPP	Purchase Power Parity
PSEA	Prevention for Sexual Exploitation and Abuse
PV	Photovoltaics
PWA	Palestinian Water Authority
PWD	Persons With Disability
RDNA	Rapid Damage and Needs Assessment
SCADA	Supervisory Control and Data Acquisition
SMT	Solutions Management Technology Corporation
SPIS	Social Protection Information System
STLV	Short-Term-Low-Volume
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNITAR	United Nations institute for Training and Research
UNMAS	United Nations Mine Action Service
UNOPS	United Nations Office for Project Services
UNSCO	UN Office of the Special Coordinator for the Middle East Peace Process
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UXOs	Unexploded Ordinances
WASH	Water, Sanitation and Hygiene
WB&G	West Bank and Gaza
WBG	World Bank Group
WFP	World Food Programme
WHO	World Health Organization
WSS	Water Supply and Sanitation
WTTP	Wastewater Treatment Plants

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The Gaza Rapid Damage and Needs Assessment (RDNA) was conducted by the World Bank Group (WBG) in partnership with the European Union (EU) and the United Nations (UN), and in close cooperation with the Palestinian Authority (PA), and in consultation with civil society organizations and private sector in Gaza.

The RDNA was prepared by a multidisciplinary team led by Ibrahim Dajani (Lead Infrastructure Specialist and Program Leader for Infrastructure for the Mashreq Countries, World Bank) and co-led by George Willcoxon (Development Coordination Officer – Economist, United Nations Office of the Special Coordinator for the Middle East Process), and Charles Raudot de Châtenay (Head of Section Economic Development, Water/Energy, Area C and Trade, Office of the European Union Representative (West Bank & Gaza, UNRWA). The RDNA benefitted from guidance by Kanthan Shankar (Country Director for the West Bank and Gaza, World Bank), Lynn Hastings (Deputy Special Coordinator for the Middle East Peace Process, United Nations Resident and Humanitarian Coordinator), and Gerhard Krause (Head of Cooperation, Office of the European Union Representative (West Bank & Gaza Strip, UNRWA).

The Core Team, in charge of overall management, coherency of the report, and drafting the Executive Summary and introduction chapters, comprised Samira Hillis (Program Leader for Human Development), Sebastian Saez (Lead Country Economist – Program Leader for Equitable Growth, Finance and Institutions (EFI)), Ivo Imperato (Program Leader for Sustainable Development and Infrastructure), Dana Almubaied (Urban Development Specialist), Ghizlane Aqariden (Consultant), Waad Tammaa (Urban Specialist), Mahi A. ElAttar (Consultant – Editor-in-Chief), Jabez Sungwoo Chun (Consultant), Youssef Habesch (Principal Country Officer – International Finance Cooperation (IFC)), Layali Abdeen (Senior Underwriter- Multilateral Investment Guarantee Agency (MIGA)), Mary Koussa (External Affairs Officer), and Tom Lambert (Consultant). The advisory team consisted of Raja Arshad (Lead Disaster Risk Management Specialist) and Philipp Petermann (Disaster Risk Management Specialist). The support team consisted of Abdallah Awad (Information, Communication and technology Officer), Fifi Antar (Program Assistant), Rewa Hassouneh, and Marian Arakelian (Team Assistants).

Sector analyses and inputs were drafted by the following specialists:

- **Agriculture:** Sandra Broka and Hadi Fathallah.
- **Culture:** Waad Tammaa.
- **Digital & Telecommunication:** Jerome Bezgina, Hyea Won Lee, and Joseph El-Cassabgui.
- **Education:** Dina Abu-Ghaida, Samira Towfighian, Maja Capek, and Xiaonan Cao, Samira Hillis.
- **Energy:** Monali Ranade and Imtiaż Hiżkil.
- **Environment:** Zeyad Abu-Hassanein, Frank Van Woerden, Manal Taha, and Harinath Appalarajugari.
- **Financial Sector:** Abed Khatib and Sami Khaldi.

- **Governance:** Riham Hussein and Mohammad Ali Jaber.
- **Gender:** Samantha Constant.
- **Health:** Sherin Varkey, Denizhan Duran, Samira Hillis, Fernando Torres, Mariam Guirguis, and Toni Lebbos.
- **Housing:** Waad Tammaa.
- **Macroeconomic Impact:** Nur Nasser Eddin and Peter Griffin.
- **Municipal Services:** Rafeef Abdelrazek, Phoram Shah, and Christopher Pablo.
- **Poverty:** Eduardo Carbonel and Alia Aghajanian.
- **Private Sector:** Zack Sabella, Patricia Haydamous, Iulia Cojocaru, Abed Khatib, Sami Miaari, Jacob Lennheden, Ali Abukumail, and Rafif Darwesh.
- **Procurement:** Yash Gupta, Basheer Jaber, Ala' Turshan, and Majed El-Bayya.
- **Social Protection & Jobs:** Vanessa Moreira, Samira Hillis, Friederike Rother, and Maha Bali.
- **Social Sustainability & Inclusion:** Najm-Ul-Sahr Ata-Ullah, Samira Hillis, Stavros Stavrou, and Harika Masud.
- **Transport:** Hakim Al-Aghbari and Gaelle Samaha.
- **Water Supply and Sanitation:** Raneen Hasuna, Adnan Ghosheh, Luis Moran, Elvira Mottaand, and Anders Jagerskog.

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Table of Contents

Executive Summary	14
1. Rapid Damage and Needs Assessment	22
1.1. Context: The May 2021 Conflict	25
1.2. Objectives	25
1.3. Approach and Scope	26
1.4. Methodology and Data Collection	27
1.5. Limitations and Key Challenges of the Assessment	29
2. Macroeconomic and Human Development Impact	30
2.1. Context	31
2.2. The Macro Assessment	32
2.3. Humanitarian Response	34
3. Summary of Sector Reports	36
3.1. Social Sectors	38
3.1.1. Housing	38
3.1.2. Health	39
3.1.3. Education	40
3.1.4. Social Protection and Jobs	42
3.1.5. Culture	43
3.2. Infrastructure Sectors	44
3.2.1. Municipal Services	44
3.2.2. Transport	45
3.2.3. Water Supply and Sanitation	46
3.2.4. Energy	47

3.2.5. Digital Infrastructure	49
3.3. Productive and Financial Sectors	50
3.3.1. Agriculture	50
3.3.2. Services, Trade and Industry	52
3.3.3. Financial Sector	54
3.4. Cross-Cutting Sectors	55
3.4.1. Social Sustainability and Inclusion	55
3.4.2. Governance	58
3.4.3. Environment	59
4. Saving Lives and Livelihoods: Ways Forward on Reform and Recovery	60
4.1. Scaling up immediate international recovery initiatives	61
4.2. Measures to accelerate reconstruction and recovery	62
4.3. Longer-term Recovery	63
5. Stakeholder Engagement and Consultations – May to June 2021	64
5.1. Consultations with Civil Society	65
5.2. Rapid Web-based Survey	66
5.3. Acknowledgments for Gaza RDNA Stakeholder Engagement and Consultations	67

List of Figures and Tables

Figure 1: Gaza RDNA timeline	23
Figure 2: Impact Zones in Gaza	27
Figure 3: Damage Density in Gaza	27
Figure 4: Example of damage to the housing sector	39
Figure 5: Estimated Loss in Electricity Access in Gaza	48
Figure 6: Agriculture area impacts in Gaza	51
Table 1: Total Damages and Losses, and Recovery and Reconstruction Needs for the Immediate and Short Term (in US\$ million)	17
Table 2: Total Recovery and Reconstruction Needs for the Immediate and Short-term (in US\$ million)	18
Table 3: Proposed Action Points for the Immediate and Short-Term Recovery and Reconstruction	19
Table 4: Gaza Selected Macroeconomic Indicators, 2019-2023	33



Executive Summary

On May 20, 2021, after 11 days of the worst conflict since 2014, Israel and militants in Gaza agreed to a cessation of hostilities. Casualties were recorded on both sides, including more than 260 dead in Gaza according to the Palestinian Authority (PA) and the Office of the UN High Commissioner for Human Rights (OHCHR), along with considerable destruction of residential and commercial buildings. While in Israel, 9 Israelis and 3 foreign workers were killed according to the Israeli Ministry of Foreign Affairs. In Gaza, the conflict damaged various core physical and digital infrastructure assets, particularly buildings, hospitals and health centers, water and sanitation facilities, and transport, energy and communications networks. Exacerbated by previous trauma, this renewed round of violence having a particularly serious impact on children's mental health as they are more susceptible to the effects of high levels of stress.

Beyond the human tragedy and the subsequent immediate humanitarian relief that was channeled to Gaza, the economic impact of these 11 days of conflict has severely weakened an economy already reduced to a fraction of its potential. Gaza is one of the most densely populated areas in the world, with around 2.1 million individuals¹ living in a total area of 365 square kilometers. For nearly 15 years, the movement of people and goods into and out of Gaza has been under restrictions imposed by the Government of Israel (GoI) due to security concerns. This isolation, in addition to multiple episodes of conflict and a damaging internal political divide, has created a severe humanitarian situation in Gaza that was exacerbated by the recent hostilities.

The Gaza 2021 Rapid Damage and Needs Assessment (RDNA) was jointly launched by the World Bank Group (WBG), the European Union (EU) and the United Nations (UN) to estimate the total damage and losses incurred in Gaza following the latest conflict. Additionally, it seeks to estimate the immediate and short-term needs, respectively covering the period of 0-6 months and 6-24 months, in order to recover and rebuild the affected sectors. Accordingly, the ultimate goal of this RDNA is to inform the PA, the WBG and its partners, donors, and other stakeholders of the most urgent recovery and reconstruction needs. The RDNA will be presented and discussed at the technical Ad Hoc Liaison Committee (AHLC) meeting scheduled for July 6, 2021 and thereafter at the ministerial level meeting in early autumn.

¹ The United Nations Population Fund estimates that the population of Gaza will reach 3.1 million by 2030 and 4.7 million by 2050, based on estimates of population growth trends.

Based on the findings of this RDNA, the damages² are estimated at between US\$ 290 – 380 million. The Social Sectors, defined in this report as Housing, Health, Education, and Social Protection and Jobs, have borne the brunt of damage estimated at between US\$ 140 –180 million. The Housing Sector alone represents almost 93 percent of the total damages to the Social Sectors. Additionally, the Infrastructure Sectors, covering Municipal Services, Transport, Water and Sanitation, Energy and Digital Infrastructure, have incurred between US\$ 60 – 85 million in damages. The Productive Sectors, encompassing Agriculture, Industry, Trade and Services, and the Financial Sector, are estimated to have sustained between US\$ 75 – 90 million in damages. Finally, Cross Cutting Sectors such as Governance and Environment have incurred damages in the range of US\$ 15 – 25 million.

Economic losses³ amount to between US\$ 105 – 190 million.⁴ Once again, the Social Sectors have incurred the biggest share of losses, ranging between US\$ 60 – 80 million. Around 87 percent of these losses are due to losses incurred, or to be incurred, from additional health and social protection costs and unemployment, with the conflict significantly impacting the fragile sources of livelihoods and safety nets of the most vulnerable. The Infrastructure Sector has incurred losses of between US\$ 10 – 35 million, while the Productive Sectors have sustained losses of between US\$ 35 – 70 million. Finally, both the Governance and the Environment Sectors have lost approximately US\$ 2– 5 million.

The immediate and short-term recovery and reconstruction needs (during the first 24 months) are estimated between US\$ 345 – 485 million. This assessment includes a focus on Building Back Better (BBB), an approach that ensures that recovery and reconstruction efforts factor in resilience and sustainability, moving beyond simply rebuilding the assets and networks destroyed or damaged to pre-conflict levels. In this regard, the total needs have factored in the cost of physical reconstruction along with proposed interventions to reduce Gaza’s vulnerabilities and incorporates actions that promote greater inclusion, stronger climate and environmental resiliency, enhanced transparency and accountability, and ensures the sustainability of the recovery process.

In the immediate term (0-6 months), from now until the end of 2021, the recovery needs are estimated at between US\$ 125 – 195 million; thereafter, the short-term recovery and reconstruction needs (6- 24 months) amount to between US\$ 220 – 290 million. Once again, the Social Sectors bear the largest share, representing some 36 percent of immediate needs and 52 percent of short-term needs. The immediate needs for the Infrastructure Sectors range between US\$ 35 – 60 million-, and short-term needs at between US\$ 50 – 75 million. The needs of the Productive and Financial Sectors are estimated at between US\$ 70 – 95 million, while the Cross-Cutting Sectors are estimated between US\$ 30 – 45 million for recovery and reconstruction.

Due to the impact of the conflict on capital stock and the cessation of economic activity during the 11-days conflict, Gaza’s Gross Domestic Product (GDP) is projected to contract by 0.3 percent in 2021⁵, compared to an estimated growth rate of 2.5 percent prior to the

2 Damage is estimated as the replacement value of completely, partially, or minimally damaged physical assets.

3 Losses are estimated in the flows of the economy that arise from the temporary absence of the damaged assets.

4 The sum of GDP losses generated by the Computable General Equilibrium (CGE) model is different than from the figure compiled from the field for each sector as the model is based on Input/Output tables which enable it to capture backward/forward linkages and calculate indirect losses across sectors.

5 The GDP impact generated by the CGE model was calculated based on the decline in the capital stock of affected sectors which was translated to value added losses using Input/Output tables that enable the model to capture backward/forward linkages across sectors..

most recent conflict. If the security situation remains stable, the economy may rebound, from a low base. However, the impact of the reduction in the capital stock is expected to be carried over for at least the next two years, hampering future growth unless reconstruction efforts are expedited. The losses in GDP have translated into worsening social conditions. Moreover, **unemployment in Gaza, already high prior to the conflict, is estimated to increase to 50 percent in 2021** mainly due to the damage to businesses, physical injuries and because of the overall decline in economic activity. This rate would be the highest since the early 1990s when the Oslo Accords were signed.

Table 1:

Total Damages and Losses, and Recovery and Reconstruction Needs for the Immediate and Short Term (in US\$ million)

Sector	Damage		Losses		Needs (0-24 months)	
	Low	High	Low	High	Low	High
Social Sectors						
Housing	130	160	5	10	45	60
Health	10	15	15	20	30	40
Education	-	5	-	-	40	55
Social Protection and Jobs	-	-	40	50	45	55
Social Sectors Total	140	180	60	80	160	210
Infrastructure Sectors						
Municipal Services	25	30	-	5	30	40
Transport	15	20	-	5	10	20
Water Supply and Sanitation	10	15	-	5	15	25
Energy	10	15	5	10	20	30
Digital Infrastructure	-	5	5	10	10	20
Infrastructure Sectors Total	60	85	10	35	85	135
Productive and Financial Sectors						
Agriculture	40	45	10	15	25	35
Services, Trade and Industry	35	45	15	25	45	60
Financial Sector	-	-	10	30	-	-
Productive and Financial Sectors Total	75	90	35	70	70	95
Cross-cutting Sectors						
Governance	-	5	-	5	5	10
Environment	15	20	0	0	25	35
Cross-Cutting Sectors Total	15	25	-	5	30	45
Grand Total	290	380	105	190	345	485

Note: The dash (-) in the table above signifies a negligible amount less than US\$ 2.5 million. The numbers above are rounded to the nearest multiples of 5 million.

Table 2:

Total
Recovery and
Reconstruction
Needs for the
Immediate and
Short-term
(in US\$ million)

Sector	Immediate (0-6 months)		Short-Term (6-24 months)		Total Needs (0-24 months)	
	Low	High	Low	High	Low	High
Social Sectors						
Housing	10	15	35	45	45	60
Health	10	15	20	25	30	40
Education	5	15	35	40	40	55
Social Protection and Jobs	20	25	25	30	45	55
Social Sectors Total	45	70	115	140	160	210
Infrastructure Sectors						
Municipal Services	15	20	15	20	30	40
Transport	5	10	5	10	10	20
Water Supply and Sanitation	5	10	10	15	15	25
Energy	5	10	15	20	20	30
Digital Infrastructure	5	10	5	10	10	20
Infrastructure Sectors Total	35	60	50	75	85	135
Productive and Financial Sectors						
Agriculture	-	5	25	30	25	35
Services, Trade and Industry	35	45	10	15	45	60
Financial Sector	-	-	-	-	-	-
Productive and Financial Sectors Total	35	50	35	45	70	95
Cross-cutting Sectors						
Governance	-	-	5	10	5	10
Environment	10	15	15	20	25	35
Cross-Cutting Sectors Total	10	15	20	30	30	45
Grand Total	125	195	220	290	345	485

Note: The dash (-) in the table above signifies a negligible amount less than US\$ 2.5 million. The numbers above are rounded to the nearest multiples of US\$ 5 million.

Saving Lives and Livelihoods: A Foundation for Reform and Recovery

This most recent relapse into violence has underlined the cyclical nature of the Israeli-Palestinian conflict, in which civilians on both sides continue to suffer. Although the international community has provided assistance to the population of Gaza to help address the immediate damage from each round of fighting, sustainable peace and development cannot be achieved without a political resolution that addresses the security and development needs of both sides.

The immediate humanitarian response has started and will continue over the coming months. It is also designed to lay the groundwork for an immediate early recovery phase that feeds to medium- and long-term recovery and reconstruction phases. The provision of immediate humanitarian assistance subsequent recovery and reconstruction in mind constitutes the crux of operationalizing the Humanitarian–Development–Peace Nexus approach, and initiatives that do so are more likely to be more sustainable in the long-run. In the short-term, socioeconomic recovery in Gaza will be determined by two factors: the level of available financing, including from donors, for reconstruction activities; and the extent of the restrictions on movement and access of people and goods entering Gaza, particularly the supply of essential reconstruction materials. In the medium- to longer-term, the recovery and reconstruction phases and associated implementation mechanism will be subject of the subsequent assessment that may be launched in early July with support from the State and Peace Building Facility administered by the WBG and to be completed in Autumn 2021.

Action Points

To provide a fast and impactful response to the crisis and to strengthen cooperation between the parties and among stakeholders, immediate accompanying measures must be taken in the coming months:

Table 3:

Proposed
Action Points
for the
Immediate and
Short-Term
Recovery and
Reconstruction

Sectors	Strategic Aim	Proposed Interventions
Social Sectors	Deliver direct assistance and strengthen systems that deliver public and social services in the areas of social protection, health care, education, housing, culture, and others.	<ol style="list-style-type: none"> 1. Complete initial repairs of basic social infrastructure, such as schools, clinics, and cash for work programs, as well as rapidly implement “catch-up” programs for students (through the PA and the international community). 2. The PA should ensure the timely payment of cash assistance to vulnerable households four times a year and deliver the second payment in July. International community should increase support to cash assistance programs. 3. Ensure continued humanitarian access and delivery of humanitarian items. Ensure the timely transfer of medical referrals from Gaza (Gol) and patient referrals (Gol, PA) and accelerate the provision and entry of medicine, medical equipment, food, non-food items, and hygiene kits (PA, international community, Gol). 4. Strengthen health systems with additional financial, technical, and human resources (PA, international community). Continue the roll-out of the COVID-19 vaccination program (PA, international community). Scale up mental health and psychosocial support services (PA, international community).

<p>Infrastructure Sectors</p>	<p>Build back better in the areas of municipal services, transport, water, wastewater, energy, and ICT, notably based on a Master Plan for Gaza along with a reform roadmap for key sectors</p>	<ol style="list-style-type: none"> 5. Enable access of critical materials for reconstruction and recovery, such as cement, chemicals, and pipes (Gol). Ensure monitoring and accountability for such items (PA, Gol, UN). 6. Enhance and secure fuel supply for the Gaza Power Plant (PA, Gol, UN, international community). Work with regional actors to increase electricity supply to Gaza (Gol, international community). 7. Accelerate work on governance reforms in the utilities sector, including the action plan for Gaza Electricity Distribution Company (GEDCO) and reforms in other entities (PA). 8. Advance work on a range of essential infrastructure projects (Gol, PA, international community).
<p>Productive and Financial Sectors</p>	<p>Promote private sector growth, reduce poverty, and improve livelihoods and employment in the Gaza Strip.</p>	<ol style="list-style-type: none"> 9. Work towards a durable cessation of hostilities to enable the recovery of private sector and the economy in Gaza, including through an increase in permitted traders and workers and the export of goods from Gaza, as well as the extension of the fishing zone (Gol, PA, international community). 10. Enhance the entry and exit of commercial goods (Gol, PA and international community).
<p>Cross-cutting issues</p>	<p>Take steps to ensure that the reconstruction and recovery leads to improved governance, strengthened institutions, greater social inclusion, the protection of women, youth, and the environment. Create the necessary conditions for rapid recovery.</p>	<ol style="list-style-type: none"> 11. Enhance domestic, sustainable, and predictable sources of revenue for the PA, in order to allow it to strengthen its presence in Gaza and better fulfill its responsibilities. 12. Increase support for vulnerable children in Gaza (PA, international community). 13. Protect women, youth, and others at risk of violence; ensure a socially inclusive recovery (PA, international community).

Sustaining economic recovery beyond immediate reconstruction will also require systematic policy efforts to create an enabling environment for private sector-led growth. Economic growth, employment generation, poverty reduction and the improvement of the quality of life of Gaza's population will require: (i) a more effective and sustainable governance system and better public institutions; (ii) an easing of internal constraints on the private sector and the creation of a better enabling environment for private investment; focused on integrating Gaza into the regional and global economy through trade; and (iii) sufficient assistance, including from donors, to support the reconstruction effort, along with medium-term donor support for revitalizing Gaza's public infrastructure, primarily electricity, water and sewerage services, as well as the infrastructure needed to encourage the growth of Gaza's tradable sector.

Lasting progress will not be possible without addressing the significant structural drivers of the conflict, development reversals, and humanitarian needs. Among other things, an improvement and modernization of the economic and administrative relationships between the GoI and the PA are essential to peace and a sustainable Palestinian recovery. In parallel, decisive steps towards democratic governance, notably elections, and key sector reforms are necessary to enhance transparency, accountability and financial sustainability in the Palestinian territories.





1

Rapid Damage and Needs Assessment

Key Facts

Immediately following the May 2021 conflict and the ensuing cessation of hostilities, the World Bank Group (WBG) in partnership with the European Union (EU) and the United Nations (UN), in close cooperation with the Palestinian Authority (PA), and in consultation with Gazan civil society organizations and private sector, conducted a Rapid Damage and Needs Assessment (RDNA).

Figure 1. Gaza RDNA Timeline

Duration: May 25 – June 30, 2021

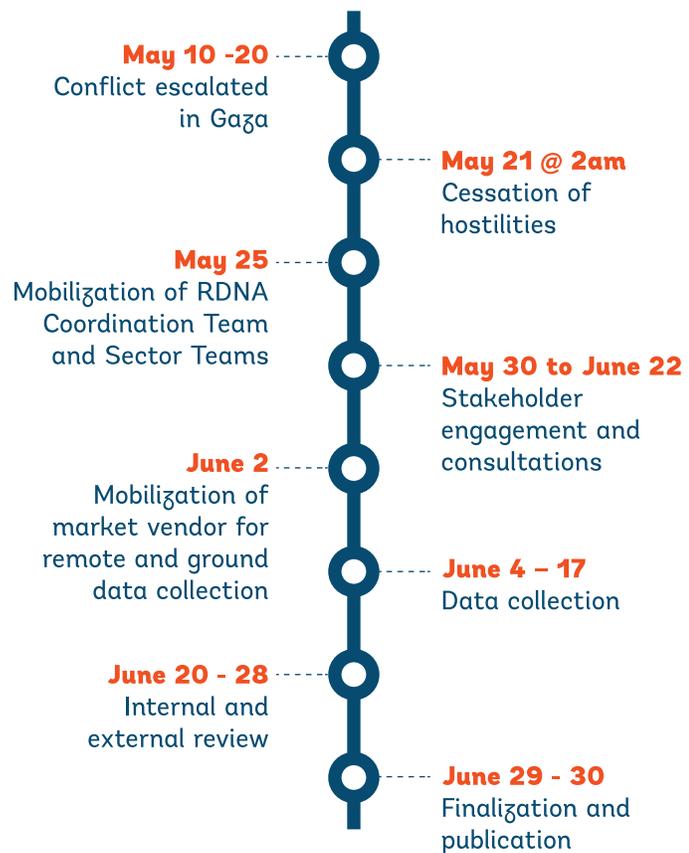


Photo by: Majdi Fathi

Objectives:

- Assess the impact of the recent hostilities on the population, economy, social services and infrastructure.
- Conduct a preliminary estimate of infrastructure reconstruction and service delivery restoration needs.
- Inform the Palestinian Authority (PA), the European Union (EU), the United Nations (UN) and the World Bank Group (WBG), the overall donor community and all development partners preparing immediate and short-term recovery and rehabilitation programs for building back better.

Geographic Scope:

This RDNA focused on Gaza.

Scope of the Assessment:

- **Macro-Economic Impact**
- **4 Social sectors:** Housing; Health; Education; Social Protection and Jobs;
- **5 Infrastructure sectors:** Municipal Services; Transport; Water Supply and Sanitation; Energy; and Digital Infrastructure;
- **4 Productive and Financial sectors:** Agriculture; Industry, Services and Trade; and the Financial Sector.
- **4 Cross-cutting themes:** Gender, Vulnerable Groups; Governance; and Environment.

Data Sources and Methodology

- **Remotely collected and ground-based data:** High resolution satellite imagery, social media analytics, ground surveys, reports from the Palestinian Authority, UN agency and donors, publicly available information, as well as CSOs, partner organizations and private sector organizations via a series of Stakeholder Engagement and Consultations. These various sources were used to triangulate and improve the veracity of the data. The RDNA adapts from the Post-Disaster Needs Assessment methodology jointly developed by the European Union, the World Bank Group, and the United Nations.

Key Findings:

- Damages: US\$ 290 – 380 million, with the social sectors being the most hit. The Housing Sector alone represents almost 93 percent of the total damages.
- Losses: US\$ 105 – 190 million, with the Social Sectors incurring the biggest share of losses.
- Priority Recovery and Reconstruction Needs 0 - 24 months: US\$ 345-485 million.

IMPACT ON ECONOMY:

- Gaza's GDP may contract by 0.3 percent in 2021.
- Unemployment is estimated to increase to 50 percent in 2021 mainly due to the damage to businesses, physical injuries and the overall decline in economic activity due to the continued effects of the COVID-19 pandemic.
- Poverty in Gaza is estimated to increase over the COVID-19 induced peak of 2020 with the poverty headcount rate reaching 59.3 percent in 2021 using the US\$ 5.5 a day (2011 Purchase Power Parity) international poverty line.

1.1. Context: The May 2021 Conflict

On May 20, 2021, after 11 days of the worst conflict since 2014, Israel and militants in Gaza agreed on a cessation of hostilities that went into effect in the early hours of May 21, 2021. During the fighting, militants based in Gaza fired more than 4,300 rockets from Gaza towards cities and towns in southern and central Israel, with more than 1,500 strikes made by Israel into Gaza⁶. Significant casualties and considerable damage were recorded on both sides.

Prior to the May 2021 conflict, the situation in Gaza was characterized by its protracted humanitarian crisis and unsustainable socioeconomic conditions. The Palestinian economy, particularly in Gaza, is constrained by several structural factors, including internal Palestinian political tensions, the lack of an internationally-recognized government in Gaza for over a decade, stalled bilateral peace negotiations, severe Israeli restrictions on movement, trade and access, militant build-up in Gaza, and recurring cycles of Israeli-Palestinian violence. Compounded by weak productive sectors, the economy is mostly reliant on consumption-driven growth, 80 percent⁷ of which is derived from external transfers and international assistance. Economic stagnation has now been compounded by the COVID-19 pandemic, and it is estimated that the Palestinian Gross Domestic Product (GDP) contracted by 11.5 percent in 2020 compared to 2019, with serious negative effects on unemployment, poverty levels and standards of living⁸. One impact of the recent conflict is a heightened risk of COVID-19 transmission due to damage to health facilities, including the Hala Al Shawa primary health center, the only COVID-19 testing lab in Gaza.

Moving forward, political developments will be a significant determinant in Gaza's path to recovery; regional dynamics, the status of the restrictions on movement and access, and the supply of COVID-19 vaccines are all critical factors. Even prior to the conflict, a return to pre-pandemic GDP-levels was estimated to have required more than three years. The most recent cycle of conflict, and the damage and costs incurred by it, have only added to the political and fiscal burdens hindering the development of Gaza.

1.2. Objectives

The objectives of the Gaza RDNA are to conduct a multi-sector assessment to identify the impact of the recent violence on Gaza and its population, economy, social services and infrastructure. It also seeks to inform the PA, the EU, UN and the WBG, the overall donor community and all development partners preparing immediate and short-term recovery and rehabilitation programs.

Conducting an RDNA is a process requiring considerable coordination with PA and at the international level between the WBG and its partners, including the EU, UN system and bilateral donor agencies. Concurrent to this WBG-led assessment⁹, the UN is also undertaking more detailed assessments of the damages and impacts. These assessments will allow the international community to form a clearer picture of the reality on the ground in Gaza – and help prepare a comprehensive recovery framework. The UN assessments will be used to inform

6 UN Office for the Coordination of Humanitarian Affairs

7 World Bank Group, 2021

8 Ibid.

9 This assessment was a four-week exercise that took place between May 25th and June 25th, 2021

WBG and donor-sponsored strategies for possible recovery, rehabilitation and reconstruction strategies, including an additional forward-looking report outlining the vision and priorities for the medium to longer term. The UN agencies and their partners are also providing a valuable assessment of the less “quantifiable” conflict impacts, such as on long-term mental and psychosocial health, social cohesion, inclusivity, institutions, and human development, especially of vulnerable groups. These assessments will be completed in the coming months.

1.3. Approach and Scope

Temporal scope: This RDNA focuses on the impact of the May 2021 conflict on Gaza and the resulting reconstruction and recovery needs. The estimates of damage, losses and needs were made relative to a pre-conflict baseline of physical assets, based on the most recent available data for each sector. In the estimation of recovery and reconstruction needs, immediate-term is defined as covering the first 6 months, while short-term is defined as the subsequent 18-month period (months 6 to 24).

Geographical scope: This RDNA focused on Gaza.

Sectoral scope: This RDNA covers the damage and needs in the following sectors:

1. **Social sectors:** Housing; Health; Education; Social Protection and Jobs;
2. **Infrastructure sectors:** Municipal Services; Transport; Water Supply and Sanitation; Energy; and Digital Infrastructure;
3. **Productive and Financial sectors:** Agriculture; Industry, Services, and Trade; and the Financial Sector.

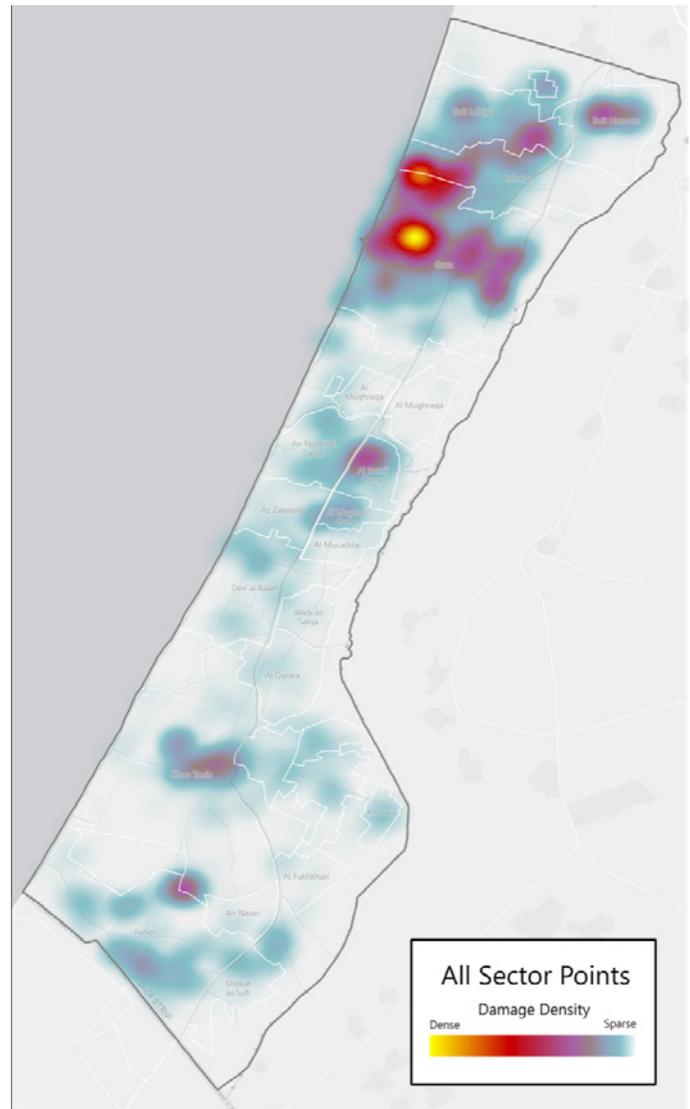
The RDNA presents a broader analysis of the **macroeconomic impact** of the most recent conflict and addresses the following **Cross-Cutting Sectors:** Gender, Vulnerable Groups; Governance; and Environment.

Due to data limitations, some key sectors could not be assessed at this stage, such as damage to cultural assets. These will be added as more information becomes available.

Figure 2: Impact Zones in Gaza



Figure 3: Damage Density in Gaza



Source: Ipsos Risk Analytics/World Bank (June 2021)

1.4. Methodology and Data Collection

The WBG has enhanced its capacity to assess damage and needs during ongoing conflicts, or in situations where physical access is not possible. For this purpose, it has developed a RDNA methodology that is conducted remotely. This methodology adapts the Post-Disaster Needs Assessment (PDNA), an assessment tool jointly developed by the European Union, the World Bank Group, and the United Nations, that has been deployed in numerous rapid assessments

around the world.¹⁰ In conflict-affected settings, the methodology excludes assessments of damages or losses to military infrastructure and related assets. The implementing partners have taken all reasonable measures to ensure that such assets were not included in the estimates in this report.

Conducted by triangulating satellite imagery, social media analytics, ground surveys, reports from partner organizations and publicly available information, this RDNA assesses (i) the damage to physical assets; (ii) ensuing economic losses; and (iii) the recovery and reconstruction needs.

- **Damage** is estimated as the replacement value of totally, or partially damaged physical assets.
- **Losses** are estimated as the negative change arising from the conflict in economic flows occurring until full recovery is achieved.
- **Recovery and reconstruction needs** are divided into two broad categories: infrastructure reconstruction and service delivery restoration. These are costed in the immediate (0-6 months) and short-term (6-24 months).

Estimating Damage

Overall, the damage value is calculated based on: (i) the pre-conflict replacement cost per asset; (ii) number of assets damaged in each category assessed within the sector; and (iii) physical status of the damaged assets. Any asset that has seen damage to around 40 percent of its pre-conflict value or more is considered completely damaged, while partial damage is quantified as less than 40 percent. To quantify needs to inform recovery programs, the monetary value of the Damage is expressed in terms of the replacement costs, using unit prices available prior to the conflict. Prices are collected from sources including previous procurement processes conducted by the WBG and its partners, as well as data provided from the Municipal Development and Lending Fund (MDLF) and United Nations Office for Project Services (UNOPS) based in Gaza. Additionally, in estimating the impact of the conflict on service delivery, it is important to collect information about the operational status of a facility alongside the data collected on damage. A facility is considered 'partially operational' when it can provide some level of services even at a sub-optimal level, while it is labelled as 'non-operational' if it is unable to provide any services.

Estimating Losses

Measuring losses entails capturing the effects of the conflict beyond the immediate damage and destruction of physical assets. Losses are defined as negative changes in economic flows stemming from the conflict and lasting until full economic recovery and physical reconstruction is achieved. Accordingly, this quantification of losses includes the decline in output in productive sectors due to the assessed damage, any likely decreases in revenues, and any increases in operational costs associated with the provision of services directly affected by the crisis. Losses

¹⁰ Most recently, the RDNA methodology has been used to assess the impacts of the damage incurred in Beirut, Lebanon, following the explosion at the Port of Beirut in August 2020; as well as the Yemen updated Dynamic Needs Assessment published in December 2020.

are expressed in current monetary values, meaning they are represented by a flow variable. Given the inherent volatility of political economy in Gaza, measuring losses from recurrent shocks is extremely challenging.

Estimating Needs and the Building Back Better Approach

The RDNA aims to estimate recovery and reconstruction needs and to inform a Building Back Better (BBB) approach. This approach encompasses more than rebuilding, to promote the use of improved specifications that aim to increase resilience and reduce vulnerability. This can be achieved, for instance, by building more open facilities that do not exclude any social fractions, adopting stronger safeguards measures, incorporating the Green, Resilient, Inclusive Development (GRID) approach, and implementing targeted policy reforms. The goal of this approach is to rebuild the economy and people's ability to absorb shocks, adapt to developmental challenges and recurring crises, and improve their living standards and lives.

1.5. Limitations and Key Challenges of the Assessment

The operational environment for data collection was constrained in the following ways: first, due to the limited timeframe for data collection, spanning June 4 to June 17, some important data was not available; second, in addition to global travel restrictions and COVID-19 related social distancing requirements, while several sectors team representatives¹¹ were able to travel to Gaza, others could not access it due to the restrictions on local travel between The West Bank and Gaza. The use of drones to complement satellite imagery was not permitted; third, the divide between the Palestinian Authority based in Ramallah, and the *de facto* authority in Gaza, has constituted an additional layer of complexity to data collection and validation.

The assessment team was able to mitigate these limitations through the use of remote data tools such as high-resolution satellite imagery and social media monitoring, as well as the information and guidance provided by UN and humanitarian agencies on the ground in Gaza. All findings included in this assessment have been validated to the extent possible by the personnel on the ground, yet should be considered indicative for the reasons explained.



Photo by: Majid Fathi

¹¹ Such as Energy, Environment, Services, Trade and Industry, Social Sectors (except for Culture and Housing), Transport, Water Supply and Sanitation.



2 Macroeconomic and Human Development Impact

2.1. Context

Heavily damaged by repeated armed conflicts and the severe restrictions on movement and access of goods and people, Gaza's economy has been reduced to a fraction of its potential. For nearly 15 years, Gaza has been under severe restrictions from the Government of Israel (GoI). These restrictions, due to security concerns, make the movement of goods and people extremely difficult. During this time, Gaza has become an almost entirely closed economy with limited linkages to the outside world, including to the West Bank. Data indicates that since 1994, Gaza's compounded annual growth rate was just 1 percent, which is low compared to similar economies. As a result, Gaza's contribution to the overall Palestinian economy has been reduced by half over the last three decades, from 36 percent in 1994 to 18 percent currently¹². Unemployment in Gaza reached 48 percent in the first quarter of 2021, prior to the recent conflict. The COVID-19 pandemic is estimated to have had a significant impact on poverty in Gaza, with projections suggesting that poverty incidence below the US\$ 5.5 a day (2011 Purchasing Power Parity (PPP)) international poverty line had increased from 43 percent in 2016-17 to 57 percent in 2020.

Transmission channels of the May 2021 conflict

The May 2021 conflict occurred at a time when Gaza's economy was already suffering from the COVID-19 outbreak. The additional shock caused by the conflict has had a negative impact on the economy in several ways. The largest impact resulted from the closure of most businesses during the conflict, resulting in a significant loss of output. Second, many enterprises suffered partial damage and a number were totally destroyed, resulting in a loss of economic capacity which will persist until those enterprises start operating again. Third, the conflict also damaged Gaza's utilities and infrastructure, such as transportation, water and sanitation, and electricity, which not only led to a loss of output in those sectors, but also impacted most sectors in Gaza.

Photo by: Majdi Fathi

¹² These percentages reflect the reduced payment of salaries for civil servants.

2.2. The Macro Assessment

The conflict has had a negative impact on Gaza's economy through several channels. The first is through the partial or full damage to the capital stock and physical assets of enterprises, resulting in the loss of economic capacity that will persist until those damages are repaired. The second and larger impact is through the cessation of most economic activity throughout the duration of the conflict as businesses were unable to operate, which resulted in a significant loss of output. The second type of losses are often not related to damages suffered by enterprises, but by the lack of economic activity. Third, the conflict also resulted in damages to Gaza's utilities and infrastructure, such as transportation, water and sanitation, and electricity, which not only led to a loss of output in those sectors, but also had a spillover effect on most sectors in Gaza.

To estimate the impact of the conflict on Gaza's GDP, a two-step approach was adopted. In step one, and through the RDNA exercise, sectoral assessments were carried out to calculate the damages incurred by the social, infrastructure and productive sectors (including agriculture, industry and services). The decline in the stock of capital in each sector was introduced into a Computable General Equilibrium (CGE) model for Gaza to estimate the impact on its real GDP. In step two, the CGE model was also used to quantify the impact of the cessation of most economic activity during the conflict on Gaza's economy.

Under this approach, it is estimated that **Gaza's GDP may contract by 0.3 percent in 2021¹³**, compared to an estimated pre-conflict growth rate of 2.5 percent that was set to be driven by a rebound in economic activity as the COVID-19 related closures significantly ease. Assuming the security situation remains stable, the economy may rebound in 2022, mostly due to the low base effect and the impact of the reversal of the conflict related lockdown. However, the impact of the reduction in capital stock is anticipated to last for the next two years and to affect growth potential, unless remedial efforts are expedited.

Unemployment and poverty

The losses in GDP have translated into worsening social conditions. According to the CGE model, unemployment in Gaza, which was already high prior to the conflict, is predicted to increase by around two percentage points and reach 50 percent in 2021 due to the damage and physical destruction of businesses, physical injuries and the overall decline in economic activity. This unemployment rate would be the highest since the early 1990s when the Oslo Accords were signed. The estimates also suggest that the conflict has pushed poverty in Gaza to 59.3 percent in 2021 (using US\$ 5.50 a day (2011 PPP) international poverty line). This is 2.3 percentage points higher than the COVID-19 induced peak in 2020, and a 16.3 percentage point increase above the 2016-2017 values (latest available official data).

¹³ The GDP impact generated by the CGE model was calculated based on the decline in the capital stock of affected sectors which was translated to value added losses using Input/Output tables that enable the model to capture backward/forward linkages across sectors.

Fiscal impact

The fiscal impact of the conflict has been estimated by measuring its effect on the PA's finances. Given that the PA generates only minor revenues from Gaza, according to the PA Ministry of Finance, the loss in revenue is expected to be relatively small in 2021, at less than US\$ 7 million. The majority of this loss is attributable to the decline in collections from petroleum excise and VAT, given the cessations of imports to Gaza during the May 2021 conflict and the damage to a number of large businesses, especially in the industrial zone, rendering them non-operational, and hence, not importing fuel. The fiscal impact on the *de facto* authority in Gaza has likely been more substantial. However, that is not estimated in this report, due to the lack of data given that the Bank does not work with the *de facto authority* in Gaza.

On the expenditure side, three months prior to the May 2021 conflict, the PA reinstated the salaries of its Gaza employees to 100 percent, up from 70 percent in 2017. This increased public monthly spending in Gaza by around US\$ 15 million, raising it to US\$ 150 million, or about 37 percent of total public expenditure. The PA's fiscal situation has been extremely difficult in 2021, with a total deficit (before grants) of US\$ 180 million for Q1 2021 alone and only US\$ 30 million in budget support¹⁴ received so far limiting its ability to further increase its spending in Gaza. As a result, the PA's options for expansionary spending policies are extremely narrow, as to avoid further ballooning of fiscal balances. On the other hand, spending reallocations to increase social assistance towards affected families in Gaza coupled with the implementation of some development projects are expected to play a primary role in responding to the effects of the conflict from a fiscal standpoint.

Table 4:

Gaza Selected
Macroeconomic
Indicators,
2019-2023

	Est.		Projection		
	2019	2020	2021	2022	2023
Real Sector					
Real GDP Growth %	0.4	-12.3	-0.3	3.0	1.6
GDP Per Capita US\$ (Real)	1422	1214	1176	1178	1164
Unemployment	45.1	46.6	50.3	50.2	50.4
CPI Inflation	1.00	1.00	1.20	1.21	1.24
Current Account Balance % of GDP	-1.7	-1.1	-0.9	-0.9	-0.9
Trade Balance	-41.6	-36.4	-36.5	-36.7	-36.7

¹⁴ The US\$ 30 million is a Development Policy Grant provided by the World Bank.

Exports Goods	0.9	0.7	0.3	0.3	0.3
Export Services	0.8	0.7	0.3	0.3	0.3
Import Goods	40.6	35.4	34.7	34.8	34.8
Import Services	2.7	2.5	2.5	2.5	2.5
Net Transfers and Income	40.0	35.3	35.6	35.8	35.8
Net Transfers and Income Private	11.6	4.4	3.5	3.5	3.5
Net Transfers and Income Official	28.4	30.9	32.1	32.2	32.2

Fiscal Account % of GDP*					
Expenditures	27.5	33.8	32.8	32.3	32.2
Revenues (including grants)	23.0	26.1	26.6	27.4	28.2
General Government Balance	-4.5	-7.7	-6.2	-4.9	-4.0
General Government Debt, ex. arrears	16.3	24.2	28.2	30.4	31.8

**Note: the fiscal data relates to the Palestinian Authority's finances and not to the de facto authority. Source: Palestinian Central Bureau of Statistics (PCBS) and the Ministry of Finance for actual figures, and World Bank staff for projections.*

2.3. Humanitarian Response

On May 27, the UN Humanitarian Coordinator for the Palestinian territories launched the inter-agency Flash Appeal, requesting US\$ 95 million to support emergency humanitarian and early recovery responses over a three-month period; an updated version was released in mid-June. The plan complements the US\$ 417 million requested under the 2021 Humanitarian Response Plan, covering pre-existing humanitarian needs. As of June 17, approximately US\$ 60 million has been pledged by various donors against the Flash Appeal. About US\$ 18 million has been released by the Humanitarian Coordinator from the Palestinian Territories Humanitarian Fund, with 95 percent of this allocated to Gaza, and five percent to health, protection and shelter activities in the West Bank. Additionally, the UN Emergency Relief Coordinator released US\$ 4.5 million from New York, including for the safe removal of Explosive Remnants of War (ERW), rental subsidies for refugees whose homes were destroyed, and the restoration of basic services such as healthcare and water.¹⁵

The three-month humanitarian Flash Appeal overlaps with the start of the recovery phase identified in this RDNA. The immediate humanitarian response includes urgent repairs necessary

¹⁵ UN Office for the Coordination of Humanitarian Affairs.

to ease the humanitarian situation, and is designed to lay the groundwork for the immediate to long-term reconstruction and recovery framework. Early repairs will focus on housing, health and education facilities, transportation and energy networks, commercial and public buildings, and water and sanitation facilities. It is important that the international community also assists with psychosocial support, the restoration of social protection systems, the resumption of social and municipal services, and the regeneration of private sector activity. Providing immediate humanitarian assistance with subsequent recovery and reconstruction in mind is the essence of the Humanitarian–Development–Peace Nexus approach, to which the humanitarian and development actors in the Palestinian territories are fully committed.

Since the hostilities, the Erez Crossing, the main crossing point for individuals between Gaza and Israel, has been closed for most Palestinians in Gaza, except for urgent medical referrals to Israel or the rest of the Palestinian territories. During the last week of May, just after the cessation of hostilities, only 13 percent of permits for medical patients to enter Israel from Gaza were approved, a percentage that reached 43 percent by the first week of June. Additionally, the Karm Abu Salem (Kerem Shalom) Goods Crossing has been kept open for the entry of specific basic commodities, including food, fodder, and medical supplies, as well as fuel for the private sector and for UNRWA, while all other imports remain prohibited. Since May 10, very limited exports have been authorized. Truckloads of aid, including food and medicine, along with fuel and construction materials continued to enter through the Rafah and Karm Abu Salem crossings¹⁶.



¹⁶ Data as of mid-June, following the hostilities.



3 Summary of Sector Reports¹⁷

The combined effect of the direct damage to economic establishments and assets, along with Gaza's pre-existing vulnerabilities and the peak of the COVID-10 crisis have interrupted the access to livelihoods of many families. The decline in aid flows over previous years, along with the decade-long restrictions on access and movement, have had a significant impact on services, especially given that job creation no longer fuels growth. The productive sector has been hollowed out and shackled the economy from achieving its potential. Around a quarter of the Palestinians in Gaza (around 500,000 people) saw their incomes drop significantly in 2019 even prior to the COVID-crisis, resulting in a severe liquidity squeeze that has impacted all aspects of the economy.

Key economic and logistical constraints to the upcoming recovery and reconstruction of Gaza include: (i) limited access to resources imposed by the restrictions on movement of goods and people and resulting in price increases, particularly for construction equipment and materials; (ii) limited fiscal space; and (iii) weak public institutions. In order to better address these external challenges, a recovery plan must have strong Palestinian ownership in close coordination with donor partners and other stakeholders to leverage international expertise, ensure a unified and coordinated response and avoid any duplication of efforts, and include the voices of the most vulnerable groups. The plan should also be consistent with national development objectives, and consider the environmental and social impacts of interventions as well as COVID-19 prevention measures. It should also build on lessons learnt from previous rehabilitation and reconstruction plans, establish strong accountability arrangements, and include a roadmap that clearly identifies roles and responsibilities and that places a premium on private sector participation.

In order to implement the BBB approach during the recovery and rehabilitation efforts, the challenges and vulnerabilities that may have contributed to the impact of the conflict should, to the extent feasible, be tackled, thereby allowing affected sectors and communities to better prepare for, manage and mitigate future risks. This includes a BBB percentage which aims at ensuring the use of green, sustainable, and energy-efficient tools and techniques in the recovery and reconstruction efforts, along with building energy efficient and environmentally sustainable facilities, as well as addressing the structural challenges that hinder improvements in the different sectors of Gaza's economy.

¹⁷ For ease of reference the estimated cost presented in this section have been rounded to the nearest multiples of US\$ 5 million.

3.1. Social Sectors

3.1.1. Housing

Damage: US\$ 130 – 160 million

Losses: US\$ 5 – 10 million

Overall, it is estimated that the recent conflict has impacted around 4,100 housing units¹⁸, where the total damage range of US\$ 130 – 160 million. Around 1,600 units were totally destroyed and 2,500 partially damaged. Gaza Governorate has been impacted worst, with 62 percent of total damage falling within its boundaries, followed by North Gaza at 17 percent and Deir Al-Balah at 13 percent. Units in apartment buildings make up 91 percent of all damaged housing units. Losses in the housing sector are estimated at a total of US\$ 5 – 10 million. This figure reflects the cost of temporary rental of housing by displaced owners, and the net loss of rental income by landlords.¹⁹

At the onset of the war, more than 70,000 Palestinians in Gaza were forced to leave their homes. They took shelter in schools, collective centers, or with friends and relatives. Following the cessation of hostilities, most of those forcibly displaced returned to their homes some of which were partially damaged or structurally unsafe. Around 27 families whose homes are now uninhabitable remained as IDPs in two UNRWA-run schools while the remaining are still with friends and relatives or in rented accommodations.²⁰

Recovery and Reconstruction Needs: US\$ 45 – 60 million

The total prioritized housing needs over the next 18-24 months are estimated between US\$ 45 – 60 million. This will cover the cost of providing interim housing solutions (e.g., cash assistance for rent) to those whose housing units have been totally destroyed or severely damaged. It will also include support to the most vulnerable, to repair partially damaged units making them habitable and to jump-start the reconstruction of totally destroyed units. This estimate also includes assessments and technical assistance for reconstruction planning and neighborhood upgrading. The full reconstruction of damaged and destroyed housing stock will likely take longer than 24 months.

Housing assistance solutions need to be calibrated for differentiated needs through a unified reconstruction policy that ensures an equitable process. Establishing a reconstruction platform for data sharing is essential for prioritization and sequencing. Adopting a Gaza-wide reconstruction strategy and neighbourhood-level recovery plans, in collaboration with local authorities and with a strong citizen- engagement strategy, will facilitate vertical and horizontal integration of recovery and reconstruction efforts within the master plans.

¹⁸ The assessment used satellite imagery to estimate the damage to the housing sector based on a 100-meter impact zone for collateral damage. While ground-truthing was used in more than 1000 checkpoints, the actual level of collateral damage might be more extensive than counted in this assessment; this will be further verified when a more detailed housing damage assessment is finalized by UNDP and UNRWA. So far, initial assessment findings are indicating higher numbers of damaged dwellings; some of this damage is to the foundations of structures which are not necessarily visible from above.

¹⁹ Losses resulting from debris removal is included under the environment section.

²⁰ UNRWA/UNDP.

Figure 4: Example of damage to the housing sector

Source: Ipsos Risk Analytics/World Bank (June 2021)

3.1.2. Health

Damage: US\$ 10 – 15 million

Losses: US\$ 15 – 20 million

Gaza's health system has been significantly impacted by the recent conflict, with an estimated total financial impact of damage and losses ranging from US\$ 25 – 35 million, resulting in a significant increase in the disease burden and disruption to the delivery of health services. The impact of the conflict on the health sector is both direct, through damage to health infrastructure, as well as indirect, through the losses incurred due to interruptions in service delivery. The damage resulting from the conflict is estimated at US\$ 10 – 15 million, and includes the damage to infrastructure of 6 hospitals, 7 clinics, one health center, and one laboratory, as well as another laboratory and the Hala Al-Shawa health clinic that were completely destroyed. Losses to the health sector are estimated to be between US\$ 15 – 20 million, incorporating losses from disruptions to health facility operations, increased utilization of health services as a direct result of the conflict (including specialized and long term rehabilitative care for disabilities resulting from serious injuries), as well as the enhanced impact of COVID-19. As this estimate excludes the economic impact of the disease burden associated with the conflict, this is likely an underestimate.

The human toll in Gaza, in terms of injuries and fatalities, has been significant as almost 2,000 Palestinians were injured, including over 600 children; 260 Palestinians, including 66 children and 41 women were killed.²¹ Several casualties were also reported among health care providers with

²¹ Occupied Palestinian Territory (oPt): Response to the escalation in the oPt Situation Report No. 4: 11-17 June 2021.

about 42 health workers suffering injuries as a result of the violence.²² In addition to fatalities and injuries, there are significant mental health consequences from exposure to violence, loss of family and loved ones, and the frustrations of lack of control from worsening poverty, unemployment, and insecurity. Mental health is a particularly significant problem in Gaza for both adults and children due to prolonged exposure to violence. Many patients facing chronic or emergency conditions, requiring referral to hospitals outside of Gaza, need exit permits from the Israeli authorities. In the last week of May, only 13 per cent of permits were approved for patients to exit Gaza to Israel or the West Bank, including East Jerusalem. Additionally, the hostilities also impacted the COVID-19 response with a surge in infections and a slowdown in testing and vaccination rates. The COVID-19 pandemic and its effects on people's daily lives and livelihoods has further exacerbated the need for Mental Health and Psychosocial Support (MHPSS).

Recovery and Reconstruction Needs: US\$ 30 – 40 million²³

Reconstruction will be a significant financial burden for the health system in Gaza. Given the need to better manage the COVID-19 pandemic and its impacts on poverty and economic growth, the reconstruction of the health sector will lead to positive externalities to the overall rehabilitation of Gaza in the immediate and short term. As a reference point, total health spending from all sources in Gaza was US\$ 196 million, or 6.5 percent of GDP; the total financial impact of damage, loss, and needs estimated in this RDNA corresponds to almost 20 percent of total health spending in 2019. As Gaza rebuilds its health system, priority should be given to strengthening the health system's preparedness to external shocks and capacity to manage the most significantly disrupted medical services that help address the population's most urgent health needs, including injuries, COVID-19, and mental health.

The needs for the health sector are estimated in the range of US\$ 30 – 40 million. These needs include the immediate (US\$ 10 – 15 million) and short term (US\$ 20 – 25 million) needs as direct consequence of the conflict, encompassing activities such as the reconstruction of health facilities, the replenishment of critical drugs, medical supplies and equipment, financing facility operating costs, ensuring continuity of services especially for injuries, non-conflict related health services, mobilizing additional resources for COVID-19 response, and access to mental health services. This estimate also includes restoration of services for the next two years²⁴.

3.1.3. Education

Damage: US\$ 3 – 5 million

Losses: US\$ 0.4 – 0.5 million

A 15-year-old living in Gaza today would have survived four major conflicts, the May 2021 round being the latest one. Repeated and prolonged exposure to such high levels of stress resulting from the cycle of conflict and deprivation can be particularly detrimental to children, as it has far-

²² WHO: http://www.emro.who.int/images/stories/palestine/documents/WHO_oPt_Donor_Appeal_20_May_2021_Final_May_20_2021.pdf?ua=1; accessed on 21 June 2021

²³ As per the assumptions used in other chapters, the figure includes a Building Back Better factor of 20 percent to reconstruction costs to (i) strengthen resilient reconstruction, (ii) close the pre-conflict health sector gaps, and (iii) cover inflation and security/insurance premiums, etc.

²⁴ Based on the BBB approach, these estimates therefore exclude the needs to strengthen the resilience of the health sector beyond the 0-24 months framework.

reaching ramifications on their physiological and emotional well-being, as well as their behavioral and neurological development. These negative effects, in turn, reduce children's ability to learn in school and become future productive individuals. In addition, access to education has already been severely constrained since March 2020 by the frequent lockdowns and school closures imposed to combat the spread of the COVID-19 pandemic. Consequently, Palestinian children in the Gaza Strip went into the most recent crisis already with a large deficit in schooling and learning. In fact, the education sector already suffers from a lack of sufficient school buildings, leading to the practice of double shifts, with total of 422 public schools operating from 299 buildings, 278 UNRWA schools operating from 179 buildings, and 64 private schools²⁵. In other words, any damage to the school buildings accommodating two shifts, i.e. the 122 public and 98 UNRWA school buildings, effectively impedes the education of two sets of students.

Available data collected by the PA in cooperation with development partners indicates that private Kindergartens (116 institutions) and public schools (140 buildings) sustained primarily damage to windows, doors, exterior walls, playgrounds, water tanks and pipes, in addition to solar panels – resulting from impacts occurring in proximity of the institutions. An additional 41 buildings housing UNRWA schools were impacted in a similar manner as governmental schools. However, in the case of UNRWA, an additional 63 school buildings were damaged as a result of the wear and tear of housing around 70,000 internally displaced Palestinians in Gaza who sought refuge in these schools during the conflict. For the tertiary sector, available data indicate damage to 9 colleges and universities.

Recovery & Reconstruction needs: US\$ 40 – 55 million

It is important to note that any delay in beginning the next school year would add to the already substantial learning losses suffered by Palestinian children to date, and can lead to sharp drops in school enrolment and achievement, with recovery taking many years. However, restoring access to schools in Gaza will not ensure that actual learning happens in these schools, as there is an urgent need for addressing the trauma that Palestinian children have been suffering under for years, and which has been again exacerbated by the most recent bombardments. It is imperative to provide, in the next 1-2 years, the required mental health and psychosocial support to students and teachers that will restore the ability of Palestinian children in Gaza to participate and learn in school. There is precedent for such support in Gaza, programs which led to a reduction in nightmares, distressing emotions and physical illness, and an increase in interest in attending school and completing homework among Palestinian students in Gaza participating in the program²⁶. The recovery needs, estimated at around US\$ 40 – 55 million, therefore take into account the wide deployment and institutionalization of mental health and psychosocial programs across all schools in the Gaza Strip.

Given the pressure on schools in Gaza with double shifts there is a need to Build Back Better including through the improvement of water and sanitation services to include the needs for boys and girls, installation of solar power due to frequent power cuts, installation of accessible facilities for children with disabilities and greening the school environments, additional classrooms where space permits and strengthening community engagement in the rehabilitation process²⁷.

²⁵ Figures include both basic and secondary schools.

²⁶ Shah, Ritesh. 2017. *Improving children's wellbeing: an evaluation of NRC's Better Learning Programme in Palestine*.

²⁷ Additional requirements for "building back better" the Palestinian education system in Gaza as a whole are pending the forthcoming more detailed joint EU-UN-World Bank assessment.

3.1.4. Social Protection and Jobs

Damage: US\$ 1.5 – 2 million

Losses: US\$ 40 – 50 million

The May 2021 conflict has exacerbated pre-existing vulnerabilities in Gaza, increasing the already high poverty, food insecurity, and unemployment rates, and leading to concerning losses to its human capital. Many families have lost their homes, and livelihoods through direct damage of economic establishments and assets, or through the lack of access to their source of livelihoods.

It is expected that 8,000 households (or around 45,000 individuals) will need immediate food and non-food assistance, while almost as many might fall into poverty in the upcoming months and will have to be better supported through cash transfer interventions. A certain number of individuals have likely suffered permanent disabilities because of the conflict, and will need access to social protection including regular income support and health care. There are an estimated 7,000 children in the families who lost their homes, and around 600 of the 2000 injured were children.

Direct physical damage to the Social Protection sector²⁸ has been modest consisting of damage to one building complex including two office buildings rented by the Ministry of Social Development (MoSD) and the Ministry of Labor (MoL), as well as an orphanage. This damage may result in slight disruptions to the Technical and Vocational Education and Training (TVET) and employment centers previously housed in the MoL building.

Recovery and Reconstruction Needs: US\$ 45 – 55 million²⁹

With a total ranging between US\$ 20 – 25 million, the most immediate-term needs in the sector should focus on providing basic social assistance (such as food, non-food items, and cash assistance) to those who have lost their homes, livelihood and jobs due to the May 2021 conflict. It is important to protect the people who became vulnerable as a direct consequence of the conflict, including persons with new disabilities, as well as to give access to social assistance programs including cash and voucher transfers to the poorest, most food insecure and most vulnerable households even prior to the recent crisis. Coordinating assistance provided by the MoSD and humanitarian partners is key in the immediate term and should start with identifying and targeting eligible beneficiaries.

In the short-term, between US\$ 25 – 30 million is needed to continue providing support to those in need of cash assistance³⁰ as well as health and social services³¹. Given the urgent need for health and social services for vulnerable groups across Gaza, which has increased dramatically, short-term interventions are an important complement such as employment opportunities through Cash for Work and Mental Health and Psychosocial Support.

²⁸ Social Protection and Jobs losses should be understood as households' inability to maintain their livelihoods and income due to, among other things, the lack of jobs, the death of family members (main bread winners), deteriorating physical and mental health conditions, and new-found disabilities, as well as their demands for and access to services.

²⁹ This estimate is based on UNICEF/WFP/ MoSD/MoPW 's assessment and does not include the recovery and reconstruction needs from the jobs' agenda. It only considers immediate- and short-term cash assistance for those directly affected by the conflict.

³⁰ Additionally, the 81,000 households that already benefit from the National Cash Transfer Program in Gaza require support given their heightened underlying vulnerability following the conflict.

³¹ For example, psychosocial assistance, physical therapy/home visits to the elderly, children, or newly disabled, or other medical services, education services for small children and/or children with special needs.

3.1.5. Culture

Initial observations indicated that many cultural heritage sites were affected during the conflict. This includes the Anthedon Harbor, which is on the Tentative List of sites in Palestine with a potential outstanding universal value, along with the Byzantine Church site in Jabaliya, among others.

An initial assessment conducted by the Ministry of Culture (MoC) indicated that educational, media, and cultural facilities were primarily affected, including publishing houses, bookstores, and cultural centers. The assessment also reported complete or partial damage in 44 institutions and centers, of which 39 suffered from severe damage, and five were destroyed. Furthermore, material losses of rented places, equipment, archives, assets, and belongings were incurred, in addition to losses in art collections, rare books, and artifacts. Financial losses were also reported, resulting from the cancellation of events and activities, and the loss of livelihood of at least 325 workers, excluding the negative impact on independent artists, musicians, and workers in the culture field. According to the MoC's preliminary assessment, the initial estimate of losses in the Culture sector alone amount to US\$ 3 – 4 million, including material damage.³²

Damage, losses, and needs of the Culture Sector have not been quantified as part of this assessment due to difficulties in collecting and verifying the necessary data during the timeframe of this RDNA. A detailed assessment is urgently needed to estimate the impact on this sector and plan for its recovery.



³² While the data collected for the RDNA didn't provide an independent estimation of the damage and losses inflicted on cultural centers and associations in Gaza, some of these losses have been covered by the assessments of other sectors in this RDNA (e.g., social protection and jobs).

3.2. Infrastructure Sectors

3.2.1. Municipal Services

Damage: US\$ 25 – 30 million

Losses: US\$ 2 – 5 million

Prior to the May 2021 conflict, the municipal authorities were already fiscally severely constrained in their ability to maintain basic services due to economic conditions and the ongoing impact of COVID-19. These pressures have been further exacerbated by the conflict and will impact the timeline for overall recovery.

Significant physical damage was inflicted across Gaza, predominantly in highly urbanized areas, causing heavy damage to in 25 municipal facilities³³. The total cost of damage to municipal infrastructure are estimated between US\$ 25 – 30 million. An additional US\$ 5 – 10 million estimated for damage to municipal WASH infrastructure connected to municipal roads is included within the total WASH Sector analysis³⁴. Gaza City alone accounts for 47 percent of the total municipal damage, associated with municipal roads, sidewalks and street furniture, such as traffic barriers, lights, and signs. Public spaces and facilities, which were already deficient in Gaza, suffered further damage estimated between US\$ 4 – 5 million, amounting to 15 percent of total municipal damage. Streetlights and solid waste containers also sustained significant damage. Accordingly, due to this impact, the municipalities have experienced an increase in their operating expenditure along with a loss of revenue. Total losses are estimated between US\$ 2 – 5 million. Moreover, the additional burden of rubble removal on the municipalities has increased their expenditure and diverted funds initially directed at the reparation of other municipal services³⁵. The widespread damage to urban infrastructure is therefore impacting living conditions, with road destruction and rubble constraining mobility and polluting the air, and with damaged WASH and solid waste infrastructure further degrading the environment and risks to public health. Damages to public space is hampering economic activities and further reducing the quality of life of the urban poor living in cramped conditions in Gaza.

Recovery and Reconstruction Needs: US\$ 30 – 40 million

Total recovery and reconstruction needs in the immediate- and short-term for the municipal services sector are estimated in the range of US\$ 30 – 40 million. These include US\$ 27 – 35 million for infrastructure rehabilitation and construction and US\$ 3 – 5 million for restoration of the municipal services in Gaza. Immediate-term (0-6 months) recovery needs are estimated to be between US\$ 15 – 20 million and include the replacement and repair of destroyed and damaged streetlights, municipal service vehicles, and solid waste containers as well as partially damaged roads, and is aimed at ensuring safety and restoring citizens' quality of life. Support of municipalities' recurrent expenditures, especially fuel and other supplies for clearing debris, is equally important to sustain service delivery Short term (6-24 months) recovery needs are

33 This municipal section reports on impacts of the conflict on local government and the services and infrastructure provided, operated, and/or maintained by municipalities in Gaza, including roads (primary, secondary, and tertiary), solid waste collection, public parks and facilities, and water and sanitation (connected to roads) markets, slaughterhouses, and other municipal institutions. Damage to regional roads is covered under section 3.2.2 covering the Transport sector.

34 A total of 24 municipalities provide and maintain water and wastewater services within their administrative boundaries. It was agreed that the reconstruction and recovery efforts for the water and wastewater networks relating to municipal roads networks will be coordinated and led by the municipalities with support from MDLF. Municipal estimates were provided by MDLF.

35 Estimates of the costs of rubble removal can be found in section 3.4.4 covering the Environment section.

estimated between US\$ 15 – 20 million and include the reconstruction of completely destroyed roads and other infrastructure such as public buildings and spaces.

Urban recovery and reconstruction investments should be cross-sectoral and scalable to enable an integrated approach that goes beyond single sector investments. A holistic area-based approach to reconstruction can revitalize neighborhoods rather than simply repair single services, thus allowing for an enhanced recovery process that aims at improving people's daily lives, livelihoods and social stability. It is also important to strengthen municipal capacity for spatial planning and integrated service delivery, aligning immediate recovery efforts with longer-term developmental goals through the BBB approach.

3.2.2. Transport

Damage: US\$ 15 – 20 million

Losses: US\$ 3 – 5 million

With no access to air or sea transport, movement inside Gaza is mostly road-based, with three main border crossings at Karm Abu Salem, Erež and Rafah. The May 2021 conflict caused damage to the worsening situation of the roads, as well as transport assets and support services. Two types of conflict-related road damage were reported: (i) damage from craters on the roadway surface; and (ii) collateral damage from the debris of destroyed buildings. A review of over 1,400 impact zones through pre- and post-conflict high-resolution satellite imagery taken two days after the cessation of hostilities revealed damage to totaling 264 meters and obstructions along 366 meters of segments of strategic roads corridors constructed by the Ministry of Public Works and Housing (MPWH), mostly concentrated in North Gaza. The recent conflict has also destroyed and damaged private and public vehicles, as well as 6 trucks and 47 buses, resulting in losses of income, disruptions in the logistics and supply chains, and impacts on accessibility to employment and essential services.

Although some road sections within Gaza have been cleared by community-led initiatives, the closure of roads due to damage and debris has forced road users to use detours, resulting in increased travel times and transportation costs for passenger and freight traffic. It is important to note that the impact of the damage is made more significant by the shortage of resources (particularly imported materials such as fuel, construction material and equipment), as well as by human capital constraints, weak institutional and implementation capacities, and the lack of stable funding sources.

Recovery and Reconstruction Needs: US\$ 10 – 20 million

In the immediate and short term, the sector should focus on service delivery restoration with the repair and replacement of damaged and destroyed assets alongside a fast-track program that consists of the removal of debris and obstructions, the cleaning of roadway surfaces and the re-establishment of a reliable and safe road network that links residential areas, services, businesses and key economic centres together. This program would involve the planning and implementation of rehabilitation works to repair the damage to the roads, taking into consideration the safe disposal of the waste and the potential presence of unexploded ordnance (UXO) and other hazardous materials. It is important that labor-intensive rehabilitation and reconstruction interventions be taken into consideration to create much-needed employment opportunities for local consultants, contractors, and semi-skilled and skilled workers.

There is also a need to balance the demand for reconstruction efforts with the opportunity this crisis offers to improve resilience and sustainability through the BBB approach, focusing on institutional capacity building, better regulations, greener construction materials and processes (through material recycling for example), as well as climate resilient and safer roads. An enhanced institutional framework would improve the PA's capacity to assume its responsibility for the repair and reconstruction of Gaza and would facilitate the achievement of infrastructure services' objectives and help increase private sector participation in the sector.



Photo by: Majdi Fathi

3.2.3. Water Supply and Sanitation

Damage: US\$ 10 – 15 million

Losses: US\$ 3 – 5 million

A wide range of Water Supply and Sanitation (WSS) infrastructure across Gaza was either damaged, destroyed or has been unable to operate after the conflict. The preliminary assessment of damage to the WSS infrastructure is estimated between US\$ 10 – 15 million, and covers drinking water supply, storm water and sewer pipelines, Short-Term-Low-Volume (STLVs) desalination plants, pumping stations, collection and distribution reservoirs, and Wastewater Treatment Plants (WTTs).

The main damage to the water supply infrastructure identified in the initial assessments include (i) damaged water pipelines across 135 locations and 1,500 domestic water connections (including water meters); (ii) 30 water wells; (iii) three water reservoirs in Gaza City and Rafah City that require structural rehabilitation; and (iv) one water pumping station in Khan Younis needing repair. The main damage to the wastewater infrastructure includes (i) sewage pipelines across 101 locations; (ii) five wastewater pumping stations, including the Beit Lahia station, which was completely destroyed and is no longer operational; (iii) the Rafah WWTP laboratory, along with partial damage to the solar system used in Gaza WWTP. Other infrastructure damage includes storm water pipelines and infiltration basins. Losses are estimated in the

range of US\$ 3 – 5 million, covering the loss in revenues incurred from the beginning of the hostilities in early May 2021 for a period of six months. Additionally, the estimation of losses accounts for the increased operational costs as a result of reliance on fuel to compensate for a drastic reduction in electric power supply, and the additional use of chemicals to disinfect the water distribution networks.

Recovery and Reconstruction Needs: US\$ 15 – 25 million

To ensure basic service delivery, the immediate (0-6 months) and short-term (6-24 months) needs of the WSS include (i) infrastructure reconstruction (US\$ 10 – 15 million); (ii) service delivery restoration (US\$ 5 – 10 million); and (iii) supporting the sector through capacity building (estimated to cost between US\$ 2 – 5 million)³⁶.

These reconstruction needs for the WSS infrastructure take into consideration the potential opportunities to improve their design, and improve their operational efficiency through the BBB approach³⁷. In the immediate term, the needs for service restoration and infrastructure reconstruction are estimated between US\$ 5 – 10 million, while the needs for the short term are estimated between US\$ 10 – 15 million.

3.2.4. Energy

Damage: US\$ 10 – 15 million

Losses: US\$ 5 – 10 million

While the May 2021 conflict lasted for a short period, the dispersed nature of the conflict has exacerbated the fragility of the electricity sector's distribution network. Physical damage is primarily observed in the distribution network, with extensive damage to power infrastructure around targeted roads, buildings and neighbourhoods. Much of the power equipment cannot be repaired, with the exception of some cables. Even for partially damaged assets, replacement is usually the most efficient and only option. The damage due to total or partial destruction of the power infrastructure is estimated to be between US\$ 10 – 15 million. This includes several MV/LV substations, underground and aerial transmission and distribution network (power lines).

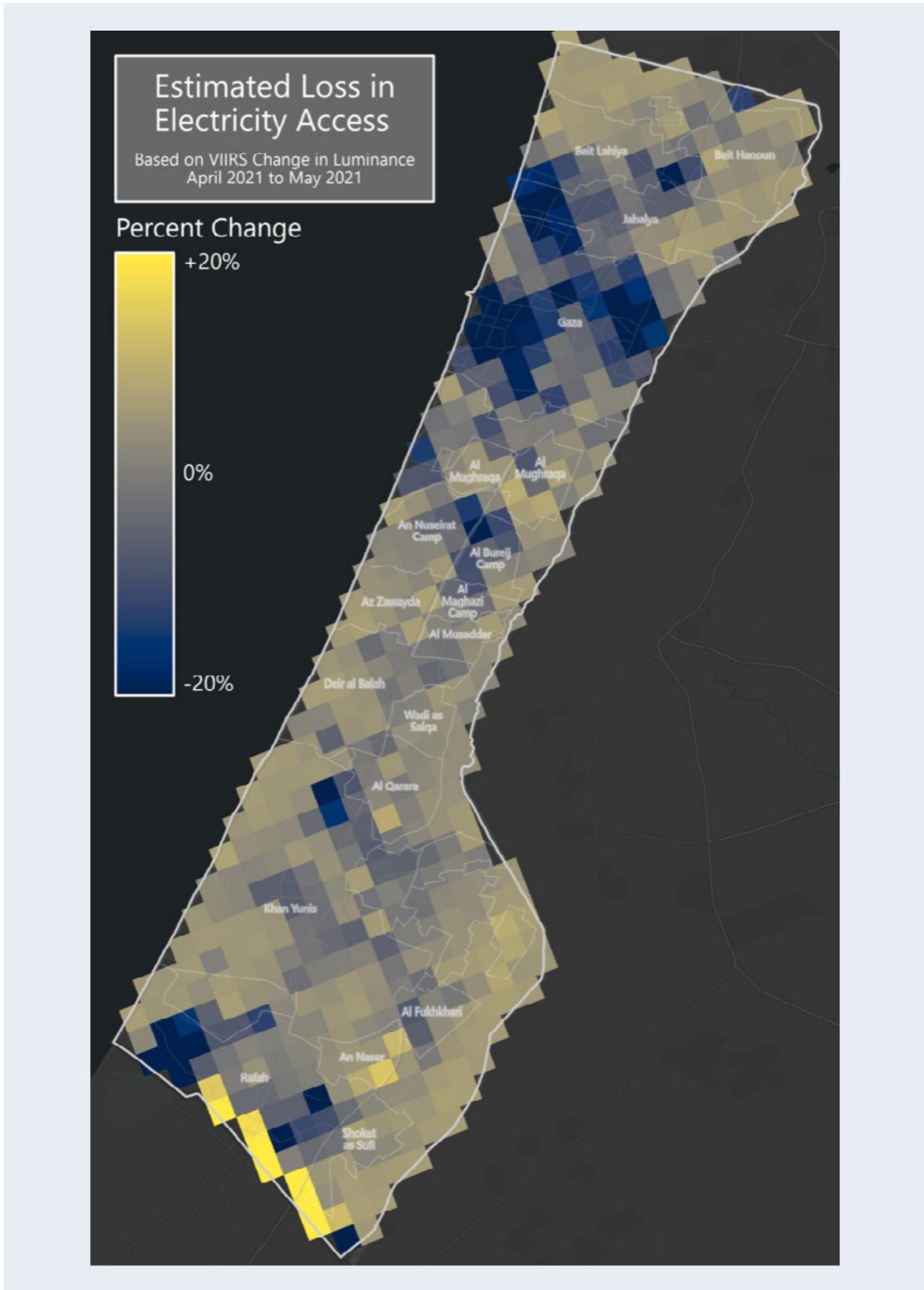
The delivery of energy services was already strained due to multiple structural challenges and severe fuel shortages. During conflict, power supplies were significantly reduced due to the loss of supply from Israel and damage to power lines. For a few days, five out of ten power lines from Israel were disrupted and electricity generation from GPP was reduced by 30-60% due to the lack of fuel. Between May 10 and 21, most of Gaza was receiving an average of only 4 to 8 hours of electricity supply per day, with significant widespread outages in areas facing the heaviest bombardment, compared to an average of 12 to 16 hours of electricity prior to the conflict. Before the conflict about 190 MW were available in Gaza while during the conflict power supply was reduced by 20-60%. Ten days after the end of the conflict, electricity supply from Israel was restored, although the supply of diesel fuel remains disrupted. The total losses incurred to the electricity sector due to loss of both sales and consumers' ability to pay are estimated to be approximately US\$ 5 – 10 million.

³⁶ These estimates were based on consultations with the Palestinian Water Authority (PWA), the Coastal Municipalities Water Utility (CMWU), and UNICEF, and verified by the World Bank's team through cross-checking of different data sets and on-site visits. The Agence Francaise de Developpement, through a local water expert, has supported the World Bank with the verification process.

³⁷ For example, through supporting their efforts to reduce energy use and water loss.

Figure 5:

Estimated Loss in Electricity Access in Gaza



Source: Ipsos Risk Analytics/World Bank (June 2021)

Recovery and Reconstruction Needs: US\$ 20 – 30 million

Reconstruction in the electricity sector will primarily cover the reconnection of power lines and the rehabilitation of distribution networks. While Gaza Electricity Distribution Company (GEDCO) has been able to restore power supply in most areas using temporary connections and other stopgap measures, these will have to be replaced with new equipment to ensure operational quality and sustainability. According to GEDCO, the Supervisory Control and Data Acquisition (SCADA) system installed as part of the post-2014 reconstruction project played a central role in maintaining system resilience during the conflict in May 2021. Following the same approach, all planned recovery activities should be designed with the intention of strengthening the resilience of the network and accompanied by actions to improve energy sector governance, cleanness and sustainability. The total cost of the reconstruction program, which includes rebuilding the damaged MV/LV networks, replacing equipment, strengthening the power control systems while enhancing resilience and integrating the BBB approach is assessed to be in the range of US\$ 20 – 30 million.

3.2.5. Digital Infrastructure

Damage: US\$ 3 – 5 million

Losses: US\$ 5 – 10 million

The conflict severely damaged various core physical digital infrastructure assets in Gaza, such as copper and fiber optic networks, data centers and data storage facilities. The Office of the Quartet (OQ) and the Ministry of Telecommunications and Information Technology (MTIT)'s preliminary assessment showed that two of the three main fiber optic lines were damaged³⁸. Several Internet Service Providers (ISPs) had important assets destroyed, which caused internet service disruptions across Gaza, particularly in southern Gaza. Four out of 12 Gaza-based ISPs suffered either total shutdowns or moderate internet disruptions. The preliminary assessment of the damage to the physical digital infrastructure in Gaza is estimated to be between US\$ 3 – 5 million. However, the impact is estimated to be larger when accounting for the economic losses from other sectors due to internet service disruption. Operators are also expecting to lose revenue due to a reduction in customers. It should be noted that the Palestinian ICT sector contributes around US\$ 493 million in annual value added to the economy, accounting for approximately 3.2 percent of GDP³⁹. In Gaza, the sector contribution accounted for 0.6 percent of national GDP in 2020.

Recovery and Reconstruction Needs: US\$ 10 – 20 million⁴⁰

Given the high reliance on the fixed broadband internet services in Gaza due to the lack of radiofrequency spectrum availability, the reconstruction of fiber optic network infrastructure is a sector priority. Fiber optic networks are also among the most advanced technologies designed to deliver high-speed internet services and meet peak data demands, and thus would be a future-proof option to rebuild Gaza's digital infrastructure. It will be important to adhere to a "dig once" policy when laying fiber optic cables underground, in order to avoid redundant

³⁸ Telecommunications Backhaul Network Damage in Gaza. May 2021. Office of Quartet.

³⁹ PCBS. 2020. Quarterly National Accounts Variables in Palestine.

⁴⁰ These ranges were based on scenarios derived from historical data and included total estimated compensations to operators for physical damage and contractual and operational losses as well as the BBB markup of 20 percent.

infrastructure deployment. Infrastructure construction in public institutions, such as schools and hospitals, should be considered a priority, given the impact of the global pandemic and the essential need for a functioning healthcare and public education system.

The immediate-term needs in the sector are: (i) supply necessary telecommunications equipment and construction materials into Gaza; (ii) to restore/maintain internet services to customers using temporary measures such as microwave links or satellite technologies; (iii) complete repairs/rehabilitation of Gaza's main fiber optic network and ISP servers, gateways, and distribution centers, including preparatory work for restoration/rebuilding of the destroyed data center; and (iv) ensure the provision of energy (through rechargeable batteries or solar panels) to keep internet service provider distribution centers and home internet routers operating.

3.3. Productive and Financial Sectors

3.3.1. Agriculture

Damage: US\$ 40 – 45 million

Losses: US\$ 10 – 15 million

Most physical damage to the assets and infrastructure of farms has been reportedly done in North Gaza, Rafah and Khan Younis provinces, with lesser impacts in the other municipalities, while most of the damaged agroindustry businesses were in and around Gaza city. The PA's Ministry of Agriculture (MoA) is assessing the physical and economic values of the effects of the conflict⁴¹ of the damage and loss incurred by visiting the affected farms and businesses, which is expected to be completed by early July. It is estimated that the total damage will reach between US\$ 40 – 45 million once the full assessment is completed.⁴²

Food security should be highlighted as a separate issue, as poverty and unemployment are its key drivers. The escalation exacerbated serious food insecurity in Gaza, and according to the World Food Programme (WFP)⁴³, 62 percent of the population of Gaza (or 1.4 million people) were food insecure in May 2021 following the hostilities⁴⁴. Additionally, the functionality of the agri-food and fisheries sector has been affected both through direct and indirect damage. Direct damage from the bombing include the full or partial destruction of physical assets, such as to agricultural land - crops (fields), livestock sheds, greenhouses, citrus and fruit trees, storage facilities (including 5 agricultural input suppliers as well as grain storage facilities), boats and fishing gear and selected agribusinesses. Damage to irrigation canals, water pumping systems and greenhouses will likely also set back food production, while UXOs pose direct risks and prevents the use of the land. Indirect loss of assets and incomes include the crops that have been lost and will continue to be lost due to the inability of farmers to access fields and irrigation systems during the 11-days of conflict and afterwards, as well as the yields likely to be lower this year. Losses also cover the farmers' inability to tend to animals, and the reported disposal of the produced milk due to their

41 The PA's MoA is using a detailed price catalogue (damage costing sheet) developed for the purpose of implementation of Private Sector Reconstruction Gaza-Agriculture funded by the EU to estimate unit costs of direct damages.

42 Currently, 60 percent of the Agriculture sector has been assessed, with an estimated damage reaching US\$ 30 million.

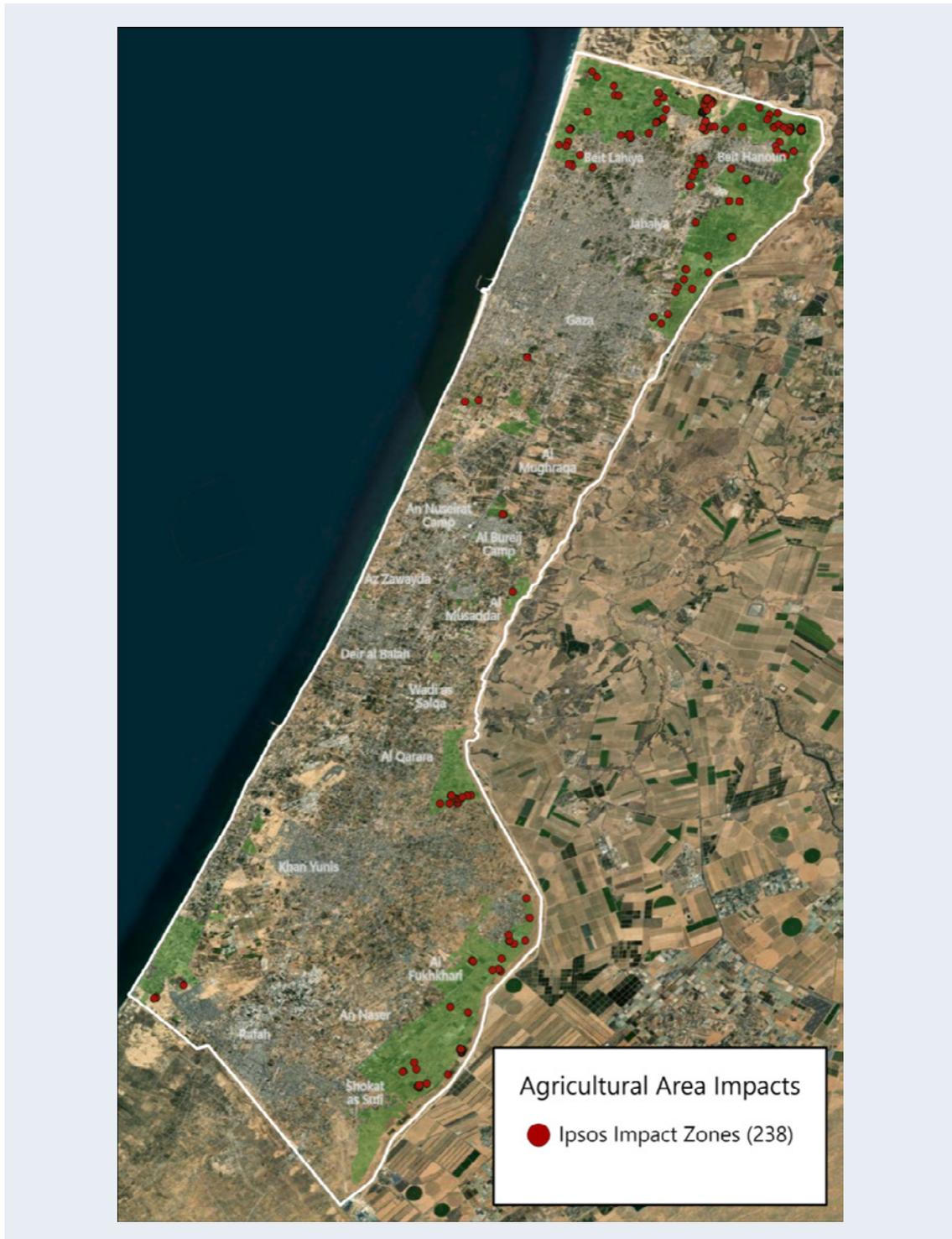
43 Food Security Analysis, World Food Programme, June 2021.

44 Before this round of violence, the WFP planned to assist around 260,000 food insecure Palestinians in Gaza. In response to the raising humanitarian needs, WFP is increasing its caseload by covering additional 160,000 individuals in Gaza. Food security will continue to be negatively affected by the increasing poverty rate and disruptions to food imports and domestic production.

inability to access dairy processing plant. In the fisheries sector, due to multiple restrictions on offshore fishing, the fishing sector is facing not just depleting fish stocks, but also issues related to the sewage water from the facilities damaged during the escalation spilling into the sea.

Figure 6:

Agriculture
area impacts in
Gaza



Source: Ipsos Risk Analytics/World Bank (June 2021)

Recovery and Reconstruction Needs: US\$ 25 – 35 million

Given the predominantly private nature of the damage and losses in the agri-foods sector, the recovery and reconstruction effort will need to support restoration of the agricultural production and value addition, as well as supporting food security and nutritious diets at the household level. The total needs are estimated between US\$ 25 – 35 million, where US\$ 0 – 5 million are required in the immediate term and US\$ 20 – 30 million over the short-term. In total, these needs include around US\$ 20 – 25 million for infrastructure reconstruction, and US\$ 5 – 10 million for the restoration of service delivery⁴⁵.

In the short term, there is need to reactivate the private sector's ability to produce by leveraging its capacity to invest in reconstruction. As of late-June, except for a narrow set of items that are allowed entry like food, fodder, and some humanitarian items, Karm Abu Salem crossing has been closed for over five weeks for virtually all other items. In the coming weeks, farmers must import items like seeds, seedlings, irrigation and greenhouse materials, solar energy components, animal and veterinary inputs—all of which previously entered Gaza routinely. Without these inputs in the next few weeks, the winter planting season will be missed, leading to tens or hundreds of millions of dollars in lost revenues for the agricultural sector—hurting thousands of households and devastating the overall economy. Beyond immediate access to non-sensitive agricultural inputs, possible early interventions should include helping farmers to rehabilitate their land and resume cultivation, ensuring immediate repairing of irrigation networks and wells, re-engaging women in small-scale domestic livestock and vegetable production activities. Fishers should also be enabled to repair fishing boats and gear, and support to herders should include the provision of animal feed, water storage units and veterinary supplies, in addition to restocking their animals and repairing damaged shelters.

3.3.2. Services, Trade and Industry

Damage: US\$ 35 – 45 million

Losses: US\$ 15 – 25 million

The damage incurred to services, trade and industry, is estimated between US\$ 35 – 45 million, while total losses between US\$ 15 – 25 million⁴⁶. A total of 284 firms across these three sectors have suffered damage to their premises, with 109 firms assessed to have incurred full destruction of their facilities and 175 firms assessed to have suffered partial damage⁴⁷. In addition, the Gaza Industrial Estate (GIE) suffered significant damage as a result of being directly hit on multiple occasions, resulting in an estimated US\$ 20 – 25 million in damage to facility structures, equipment, inventory, solar rooftop panels and operating equipment. Most damage is concentrated around Gaza City and the North Gaza Governorate, where over 85 percent of the damage in these three sectors was reported. Incurred damage is estimated as leading to losses of US\$ 5 – 10 million in sales, US\$ 3 – 5 million in productivity⁴⁸, and US\$ 5 –

⁴⁵ The amount indicated in the Service Delivery Restoration line is equivalent to the cash-flow support to the sector to ensure restoration of production.

⁴⁶ A general accounting of damages to firms was used to calculate these estimations, while the losses section employed a GDP approach to account for sectoral losses and included any losses incurred by all firms in the final number. Additionally, these estimations mostly relied on the data obtained through satellite imagery and ground surveys for verification. Information from other sources included the Ministry of National Economy and PITA for IT firms. These estimations will be further refined in coordination with local partners, including private sector organizations.

⁴⁷ Based on data collected from satellite imagery and ground surveys.

⁴⁸ These estimates only focus on the direct losses incurred due to the May 2021 conflict. The overall impact on the imports and exports is included above under the macroeconomic analysis section.

10 million in costs for alternative locations for firms that incurred heavy structural damage⁴⁹. It should be noted that prior to the conflict, businesses were already impacted by the outbreak of COVID-19, with the UN reporting that 37 percent of businesses working in the industry sector halted their operations during the first month of the outbreak while the remainder conducted operations at reduced capacity.

Recovery and Reconstruction Needs: US\$ 45 – 60 million

Immediate reconstruction and business activity restoration needs are projected between US\$ 35 – 45 million in the first six months. Priority should be given to the repair of partially damaged firms and replacement of equipment and machinery, as well as launching the reconstruction of badly damaged firms that provide basic and essential services and goods to the community, including those contributing to reconstruction efforts. In addition, immediate recovery efforts should ensure support to cover lost wages and working capital.

In the short term, recovery and reconstruction needs are estimated to cost between US\$ 10 – 15 million, focusing on the rehabilitation of damaged firms not prioritized in the immediate term, while ensuring that the support is provided to firms that have proven to be viable and profitable after the immediate phase of recovery. Support in training and technologies should also be provided to businesses involved in reconstruction efforts, with continued emphasis on the use of energy-efficient tools and techniques. Businesses should also be provided with the financial and technical support to improve access to markets. It is worth mentioning that the productive sector in Gaza is dominated by micro and small enterprises, with over 98 percent of establishments employing between one and 19 employees, which constrain the development and expansion of the services, trade and industry sectors⁵⁰.



Photography: Sharreef Sarhan

⁴⁹ These estimates are primarily based on data collected through a focus on the main impact zones as a result of the conflict and have identified affected firms in the vicinity of these zones. To the extent possible, this data has been complemented with ground surveys by multiple sources.

⁵⁰ 2017 Establishment Census.

3.3.3. Financial Sector

Damage: US\$ 0.4 – 0.5 million

Losses: US\$ 10 – 30 million⁵¹

The preliminary assessment of the conflict's impact indicates that financial sector damage is estimated between US\$ 0.4 – 0.5 million, and losses US\$ 10 – 30 million, including direct and indirect physical damages to financial institutions⁵² and minimal impact on service delivery. Across a total of 58 branches and head offices, around 15 percent of bank branches in Gaza reported some level of physical damage, and 33 point-of-sale (POS) machines were destroyed. However, banking infrastructure (including core banking systems) remains largely intact as banks had moved most of their digital infrastructure to the West Bank after previous conflicts. Microfinance Institutions (MFIs) tend to have a decentralized footprint, with branches typically located in commercial buildings to facilitate access. As a result, a greater number of MFIs locations were damaged⁵³. The largest MFI in Gaza reported damage to four locations, with its Beit Lahia branch completely destroyed at an estimated cost of US\$ 30,000. In addition, 28 percent of microfinance institutions reported some level of damage to their branches, including one being completely destroyed – which will likely hamper operations for this particular institution. Of the ten PCMA-licensed insurance companies, six firms were impacted by the conflict with varying degrees, ranging from minimal damage to partial destruction of equipment.

Like microfinance institutions, money changers tend to have a decentralized footprint. Three out of 51 licensed money changers' facilities were damaged during the conflict, with one reporting being completely destroyed, and the other two having minimal damage. The impact on payment providers has been minimal, as not all of the five registered companies have started operations and only two companies have offices in Gaza. Finally, the impact on securities companies was slight, with only one securities company reporting damage to communications equipment. Primary losses to the Financial Sector are expected to materialize through two factors: disruptions in the operations of financial institutions resulting in revenue loss, and credit losses that will materialize through provisioning in the balance sheets of financial institutions. The expected increase in credit losses represent the main loss factor for the financial sector, through its impact on banking and microfinance activities, which is likely to raise the already significant level of non-performing loans (NPLs) and create further liquidity shortages.

Recovery and Reconstruction Needs⁵⁴: US\$ 1 – 1.5 million

Prior to the May 2021 conflict, the financial sector in Gaza was already suffering from a series of economic shocks, including the clearance revenue standoffs of 2019 and 2020, and multiple waves of COVID-19 related disruptions, and had a limited ability to absorb large shocks or to play a counter cyclical role. The resumption of the already limited financial sector activities is important for post-conflict recovery for the private sector and households alike. The needs of the banking and microfinance sub-sectors include those of financial intermediaries as well as the overall needs of their clients/borrowers. For the former, there is a need for liquidity

⁵¹ Range was based on scenarios derived from historical data and industry estimates of credit losses.

⁵² Including banks, microfinance institutions, insurance companies and money changers.

⁵³ Reports have confirmed that three banks were targeted during the hostilities, including Arab Islamic Bank, Production Bank, The Islamic National Bank in Gaza, with the latter two being regulated by de-facto authorities.

⁵⁴ These figures only account for damage to the financial sector and the technical assistance needed for recovery. They do not reflect the private sector financing needs as assistance to the private sector can be channeled directly from donors or through banks/ MFIs.

support, strengthened anti-money laundering and counter-financing of terrorism measures, and stronger risk-mitigation instruments to incentivize re-engagement into Gaza market. For the latter, direct financial assistance to impacted households and private enterprises is urgently needed to replace damaged assets and to create cash-for-work mechanisms to provide urgent support to livelihoods. In order to adopt the BBB approach, financial sector reconstruction should further emphasize digital transformation and digital financial services, including the latest payment technologies that help reduce costs and increase access to the unbanked and reduce the reliance on cash. Technical assistance and political will are both needed to unpack and assess the accuracy of asset quality measurement tools and to help financial institutions better manage risks. It should be recognized that because of the reduced presence of financial intermediaries in Gaza in recent years, any donor or government-led economic recovery program channeled through banks or MFIs will exclude the vast majority of business and households in Gaza, since only a fraction of them are banked. Direct firm-level assistance remains the most inclusive channel of delivering assistance.

3.4. Cross-Cutting Sectors

3.4.1. Social Sustainability and Inclusion

Gender

Cycles of violence and conflict in Gaza affect women and men, girls and boys in different ways. Men and boys face a high risk of deaths and injuries as a direct result of violent conflict whereas women and girls suffer disproportionately from indirect consequences of conflict, such as from the lack of reproductive health services, the responsibility to care for injured family members during and after the conflict, as well as lack of accessible and adequate support to address increased risks of gender-based violence (GBV).

Based on preliminary data collection and lessons learnt from gender analyses of previous escalations, the ongoing crisis has exacerbated gender-specific risks and vulnerabilities and resulted in higher scale of humanitarian needs among women, girls, men and boys⁵⁵ in Gaza⁵⁶.

For women and girls, displacement presents acute issues: recent consultations with vulnerable populations show that the lack of privacy for women and girls from displaced and host families, as well as the securing of infant formula and medicines is particularly problematic. Furthermore, women and girls who are already at high risk of sexual violence face new threats during and after violent outbreaks due to displacement and economic hardships. International assessments show that the majority of GBV services (MHPSS, legal aid, case management) in Gaza were suspended throughout the hostilities, and all shelters housing survivors of violence have shut down leaving them exposed to further harm and trauma⁵⁷.

⁵⁵ Definition according to IASC Gender in Humanitarian Action Handbook “refer to women and men of: (a) different ages, understanding that gender roles and responsibilities change across the life cycle; (b) diverse backgrounds, understanding that sexuality, ethnicity, nationality, disability, belief, civil or economic status, norms and cultural and traditional practices etc. can be barriers or enablers, depending on context; and (c) different experiences, understanding that experiences of marginalization are heterogeneous. Marginalization derives from multiple and intersecting factors”.

⁵⁶ UN Women Palestine “Gender and Wars in Gaza Untangled: What Past Wars Have Taught us?”. June 2021

⁵⁷ OCHA 2021

To address the risks that women and girls face during and after conflict, immediate priorities should include (i) collecting sex- and age-disaggregated data on the needs of households and individuals related to social assistance and livelihood programs as well as types of essential services (WASH, electricity, urban, social protection and GBV related); (ii) supporting service providers and NGOs to continue offering GBV case management, gender responsive cash and voucher assistance, reproductive and maternal health services as well as psychosocial, legal, and health support for women and children related to GBV and safety needs; and (iii) ensuring women and/or NGOs representing women are actively participating in decision-making committees or task forces on rehabilitation/reconstruction efforts while also ensuring confidential citizen feedback mechanisms are developed in gender-responsive and survivor-centered way, including for any Prevention against Sexual Exploitation and Abuse (PSEA)-related complaints. In the short term, interventions should focus on ensuring that sector interventions related to social, productive, and financial sectors take into account the specific needs of women; and that gaps in existing and planned reconstruction programs that target vulnerable women (social assistance programs, GBV, reproductive health, women with disabilities, elderly, female headed households) and displaced populations (privacy, GBV, female dignity kits, hygiene for kids, care responsibilities, male stress/anxiety) are identified in order to improve targeting strategies and shape future investments so they are more inclusive.

Vulnerable Groups

Vulnerability remains a constant issue across Gaza due to periodic violent conflict,¹⁴ years of severe restrictions on movement of people and goods; and internal Palestinian divisions. However, certain social groups – including female-headed households, women with cancer and chronic diseases, widows, children, youth, the elderly, people with disabilities, the severely ill and injured, and people living in Access Restricted Areas (ARA).

The May 2021 conflict has exacerbated existing vulnerabilities, including gender-specific ones. Early estimates show that many gains from the reconstruction and recovery effort after the 2014 conflict have been lost. Trauma is prevalent across the Palestinian society in Gaza and among all vulnerable groups, particularly women, children and youth. An increased number of deaths and injuries among men has led to more female-headed households. These families are more dependent on cash assistance and social benefits, compared to male headed households, and are hence more vulnerable to conflict and other shocks. The situation of youth, for a generation grown up in isolation, is fragile. There is widespread unemployment among young people, and a growing sense of lack of agency and hopelessness regarding the future. The elderly, who have suffered from multiple physical and mental vulnerabilities, are again at risk due to displacement, and increased deprivation due to a lack of access to services such as healthcare and caregiving. People with disabilities, of which many are children, continue to face special challenges especially for rehabilitative and caregiving services. Finally, people living in or dependent on ARAs (nearly 35 percent of Gaza's cultivable land and 85 percent of its maritime area), including farmers, herders, Bedouins, and fisherfolk, have suffered enormously due to another round of displacement, injury, and an inability to continue livelihood activities because of reduced access to lands and the sea and damage to/loss of structures, assets and tools.

Urgent attention is required to ensure that the recovery process addresses the needs of all, particularly the most vulnerable. In the immediate term, interventions should focus on (i) addressing the specific challenges and needs of different vulnerable groups including those

with gender specific vulnerabilities while identifying and designing interventions for sector-specific immediate and gender responsive recovery; (ii) establishing a system for ongoing collection and sharing of data (quantitative and qualitative) on vulnerable groups to identify current and emerging needs and ensure targeted assistance in a consultative and gender inclusive manner; and (iii) establishing a system for outreach, dissemination of information, and obtaining feedback from citizens (particularly vulnerable groups) regarding the plans for reconstruction and recovery. In the short term, it is important to (i) adopt a citizen-centric and gender responsive approach (with a focus on vulnerable) toward disaster management and resilience by strengthening citizen engagement capacities including that of women for disaster management; and (ii) ensure responsiveness of the recovery and reconstruction efforts by establishing one program-level citizen feedback/complaint mechanism that is gender and protection responsive and includes PSEA for all agencies supporting existing entities to set up such systems.

Protection issues

Gaza has been in a protracted humanitarian crisis for well over a decade, generating specific protection needs. As mentioned above, there is an urgent need to scale up Psychosocial Support (PSS) activities for children, youth and families, including non-structural recreational activities, structured PSS and specialized mental health services. Frontline workers, such as counsellors, case managers and protection professionals are also in need of self-care activities. There is a need for specialized child protection case management services for vulnerable children, including those at risk of child labor or school dropout, as well as refugee children and children with disabilities. Duty-bearers must adhere to their human rights obligations to the people of Gaza if the recovery and reconstruction effort will be a human-rights centered process.



Photo by: Mejidi Fathi

Refugees

The impact of the conflict on Palestinian refugees has been devastating and has compounded other long-standing vulnerabilities. UNRWA issued a revised appeal to address the humanitarian needs of Palestinian refugees, including those who remain displaced in Gaza. According to the Agency's preliminary assessments, 2,300 shelters⁵ belonging to around 1,400 refugee families have been completely destroyed or damaged to the extent that they are uninhabitable and in need of complete reconstruction. These families face the prospect of prolonged displacement. In addition to support for the reconstruction of their homes, these families will also need financial support (transitional shelter cash assistance) to temporarily subsidize their rental payments while they remain displaced. An additional 14,000 refugee shelters are estimated to be in need of major or minor repair works.

3.4.2. Governance

Damage⁵⁸: US\$ 2 – 5 million

Losses: US\$ 2 – 5 million

Sixteen out of the 159 surveyed facilities in the Governance Sector have been damaged or destroyed, in Gaza City, Jabalya, Khan Younis, and Beit Lahiya. These 16 facilities include public safety and fire stations, courthouses, post offices, public institutions and buildings, a town hall and a library. Other buildings in the governance sector were either very minimally affected by the conflict or had no observable damage and can be made operational once again as soon as citizens' access is deemed safe, after inspection and removal of small amounts of rubble.

Recovery and Reconstructions Needs: US\$ 5 – 10 million

The recovery and reconstruction needs in the immediate term are estimated between US\$ 1 – 2 million. The main priority will consist of the removal of small amounts of rubble hindering access to buildings in the Governance Sector. In addition, temporary accommodation may facilitate service delivery at the 16 damaged facilities, although some critical services, in particular firefighting and judicial services, are likely to be negatively affected by not being located in facilities designed and geographically located to deliver the services in question.

In the short term, the total cost of needs for recovery and reconstruction activities (including both immediate and short terms) for the 16 buildings is estimated between US\$ 5 – 10 million, covering (i) infrastructure reconstruction, (ii) vehicles, equipment and furniture, (iii) resumption of services, all while factoring in strengthening their resilience⁵⁹. Additional funding would be needed for investments targeting the strengthening of governance arrangements and institutions in the longer terms to improve inclusion, transparency, participation and accountability. These needs will have to be estimated in subsequent analyses. Restoring the functionality of damaged and destroyed public buildings (such as court houses, post offices, and libraries) is essential to avoid interruption of services delivered to the public.

⁵⁸ Physical damage including cost of rubble removal.

⁵⁹ The BBB factor factors in inflation, premiums, enhancements to service delivery, improving resilience during the reconstruction process as well as other factors to strengthen the sector.

3.4.3. Environment

Damage: US\$ 15 – 20 million

The May 2021 conflict caused destruction of residential and public buildings, municipal infrastructure, roads, electricity and water supply networks, along with wastewater networks and treatment facilities. More specifically, the GIE suffered from the destruction of manufacturing facilities hosting textile, wood, foam, plastic, detergents, aluminum, food, and soft drinks industries. It is estimated that destroyed residential and public buildings have generated about 500,000 tons of mixed rubble and debris cumulatively⁶⁰. A similar amount is estimated to be generated from partially damaged buildings and infrastructure in different sectors. Some construction rubble is contaminated with asbestos, while about 30,000 tons of hazardous⁶¹ waste is estimated to have been generated, comprising medical waste, pesticides and fertilizers, chemicals, damaged transformers and equipment containing hazardous elements (such as PCB oils, PV cells and batteries); polluted soil materials; and (asbestos-cement) pipes. The hostilities have caused contamination of water supply systems, soil and air pollution. Additionally, numerous sites have been identified by the UN Mine Action Service (UNMAS) to contain Unexploded Ordinances (UXOs).

Recovery and Reconstruction Needs: US\$ 25 – 35 million

The reconstruction needs for the environment sector for the immediate term include (i) interventions to recycle, process and treat the generated waste including that from demolitions, solid, hazardous byproducts, health care, and electronic, and recyclable wastes that resulted from the conflict; (ii) assessing and remediating of contaminated areas; (iii) the identification, assessment, and cleanup of UXOs from all suspected sites. In the short-term, additional interventions are required to support (i) enhancing the capacity of Gaza municipalities to respond to emergencies and disasters; (ii) the cleanup of rubble to enable the reconstruction efforts to launch on fast track; (iii) the management of hazardous waste materials, chemicals and health care waste, and (iv) an assessment and cleanup of contamination to groundwater and water supply.



Photo by: Majdi Fathi

⁶⁰ These figures are based on an average of data collected from (i) the UNDP, (ii) the Ministry of Public Works and Housing, (iii) and satellite imagery analysis.

⁶¹ Based on the estimation of 6 percent of the total rubble weight, including waster from the GIE, fertilizers and foam factories, medical waste, PCB polluted waste from GEDCO, and other sites as described.



4 Saving Lives and Livelihoods: Ways Forward on Reform and Recovery

4.1. Scaling up immediate international recovery initiatives

The sections above provide a way forward for the recovery and reconstruction for each sector, in both the immediate and short term, and aims to ensure a more resilient economy and more sustainable development in Gaza if adequately funded and properly executed. A key objective must be to strengthen the role of the PA in the Gaza Strip, while also addressing the structural drivers of conflict and instability in Gaza. Along with ongoing and planned humanitarian relief, the following initiatives should complement these measures, including by scaling up immediate recovery initiatives:

Immediate to Short term

Quick socioeconomic recovery in Gaza will essentially be determined by two factors: first, the level of financing, including by donors, for recovery activities; and second, the implementation of some immediate actions, in particular the degree of easing of the restrictions on movement of goods and people, above all for essential reconstruction materials. Clearly, the top priority in Gaza should be to rapidly provide relief and undertake reconstruction and repair the damages caused by the May 2021 conflict so that homes can be reconstructed, business infrastructure repaired, and all essential public services disrupted by the conflict restored. This requires substantial financial support by donors, as well as cooperation by Israel and other parties to expedite access to construction materials intended for civilian purposes, with appropriate safeguards in place to prevent any diversions.

The following international initiatives can complement the measures above and contribute to the recovery, with adequate donor support:

- i. **Job-creation programs in Gaza:** The international community should scale up ongoing job-creation programs in Gaza, providing around 20,000 additional full-time jobs for 12 months. This will require innovation in career accelerators and related training for skills which can overcome geographical isolation. Other areas include agriculture if water reuse can be expanded. Health care assistants and teacher assistants can be trained in a relatively short time and can provide a wide range of assistance in these sectors. Greater use of renewable energy sources such as solar should also be prioritized.



Photo by: Majdi Fathi

- ii. **Critical infrastructure repair and upgrades:** The international community in coordination with the PA should accelerate support for critical infrastructure repairs and upgrades to infrastructure for water and sanitation, health, and energy networks, public services and agriculture, and education. This will require much more effort and diverse locations for small scale water purification and reuse.
- iii. **Support to the private sector:** The international community in coordination with the PA should increase support to small- and medium-sized enterprises and notably repair or upgrade services at Karm Abu Salem and the GIE.
- iv. **Support to the social sector:** The international community in coordination with the PA should increase financial and technical support to health systems, social protection systems, the education sector, and mechanisms to ensure the protection of women, youth, and refugees. Partners should also accelerate the implementation of the Social Development Sector Strategy, committed to establishing a national social protection floor, with special focus placed on vulnerable and marginalized groups.

Medium to long-term

Sustained economic growth, employment, poverty reduction and the improvement of the quality of life of Gaza's population will require: (i) Progress in Palestinian reconciliation allowing for an effective return of the PA to Gaza; (ii) a more effective and sustainable governance system and better public institutions; (iii) an easing of constraints on the public sector and the creation of a better enabling environment for private investment; (iv) sufficient assistance, including from donors, to support the reconstruction effort, along with medium-term donor support for revitalizing Gaza's public infrastructure, primarily electricity, water and sewerage services, as well as the infrastructure needed to encourage the growth of Gaza's tradable sector and (v) an easing of access and movement restrictions.

4.2. Measures to accelerate reconstruction and recovery

The **reconstruction and recovery of Gaza must allow inclusive and sustainable growth and permanently reduce its aid dependency by increasing private sector self-reliance, productive employment and improving livelihoods.** The system for entry of "dual use" goods into Gaza must be improved and a frictionless trade of non-sensitive goods between the West Bank and Gaza and onward to regional markets established. With respect to the movement of people, as soon as security conditions allow, a sizeable number of workers from Gaza should be permitted to commute to Israel or the West Bank, as they have done in the past, and similarly to the thousands of daily commuters currently entering Israel from the West Bank. It is alarming that Gaza's "regular" unemployment rate is roughly 50 percent and that the poverty rate is over 50 percent. International efforts can support, reform, and strengthen the mechanism to facilitate and accelerate the import of sensitive goods and materials necessary for the reconstruction of Gaza's economic infrastructure and business sector. All such materials entering Gaza must be used for the benefit of the population.

4.3. Longer-term Recovery

There is a clear need to address the drivers of repeated cycles of conflict in Gaza. In particular, progress in the following areas would strengthen sustainable recovery and peace and stability in Gaza:

- Long term recovery needs to take place under the umbrella of a renewed political process between Israel and the Palestinians.
- Internal Palestinian reconciliation and the return of legitimate governance to the Gaza Strip
- A democratically-elected Palestinian Authority in charge of all essential government functions across the Palestinian territory
- Lifting the Israeli closure regime on Gaza in line with United Nations Security Council resolution 1860 (2009), in line with Israel's security concerns

The longer-term recovery would benefit from active cooperation across the parties, namely the Israeli authorities, the Palestinian leadership and the international community.

The ministerial Ad Hoc Liaison Committee (AHLC) scheduled for early autumn will provide a first opportunity to discuss in more detail the above mentioned longer-term issues, as well as the modernization of the economic and administrative relationships between the GoI and the PA, and key sector reforms that enhance transparency, accountability and financial sustainability





5 Stakeholder Engagement and Consultations – May to June 2021

5.1. Consultations with Civil Society

The RDNA team engaged with key civil society stakeholders and vulnerable groups in Gaza to collect feedback and information on the impact of the May 2021 conflict, and to identify priorities for recovery and reconstruction. This engagement was designed to ensure that the RDNA reflects the voice of the people of Gaza, particularly the most marginalized, and is representative of their immediate and short-term needs. The objective of these consultations was to inform stakeholders of the RDNA's purpose, scope, and process; to obtain information on the impact of the current conflict and immediate and short-term priority needs, and preferred means of communication and receiving information regarding the RDNA; and, to share the RDNA findings and recommendations to get feedback to finalize the assessment.

Consultations were done through one-to-one meetings – including with key informants in organizations representing vulnerable groups and INGOs/NGOs, experts, academics, and private sector representatives – and a series of public consultation workshops. Five workshops were conducted including different vulnerable groups (see description below) and two specifically on water sector issues. The process of consultation was completed between May 30 and June 22, 2021.

Four separate consultation workshops were held with: i) relevant INGOs, NGOs, CBOs, UN agencies and representatives from the Ministry of Social Development; ii) elderly, injured people, sick people with chronic diseases and PWD; iii) educated and uneducated youth, such as students and graduates, entrepreneurs and informal workers; and, iv) people in Access Restricted Areas (ARA), Bedouins, farmers and fisher folk, displaced persons and host families. These workshops were held between June 10 and 12 and included more than 90 people. The findings and recommendations of the RDNA were shared with representative groups for feedback. Accounting for the feedback received, this consultation helped to finalise the assessment and to close the feedback loop.

In addition, the World Bank contracted Global Communities to support the Palestinian Water Authority in carrying out consultations for the water sector in Gaza. The consultation process involved: (i) organizing different advisory meetings for



Photo by: Shareef Sarhan

stakeholders and relevant parties in the northern, central and southern Gaza to present the RDNA process in addition to the initial data on damage and needs gathered by the Palestinian Water Authority (PWA); and (ii) obtaining inputs from various actors including private vendors supplying water, citizens, and community-based organizations (CBOs)/ non-government organizations (NGOs) on immediate and short-term recovery and reconstruction needs. The consultation process also confirmed that future consultations will be required during recovery and reconstruction.

During the workshops, participants highlighted their concerns and challenges and identified key priority recovery and reconstruction needs. Some cross-cutting issues and impacts identified by all vulnerable groups included: food and water insecurity, loss of shelter, lack of access to basic services, loss of livelihood and essential assets and tools, economic insecurity, and, above all a serious level of psychosocial trauma and stress. Participants stressed that the situation in Gaza is not solely the outcome of the latest conflict: there has been a steadily deterioration for almost two decades and the latest conflict has acted to exacerbate serious deep-set issues. In general, priority needs included access to food, water and shelter, resumption of all basic services including electricity, Water, Sanitation and Hygiene (WASH), health and telecommunication services, repair of damaged municipal infrastructure, and financial, equipment and capacity support to quickly resume livelihoods. The need to make suitable alternative shelter available for IDPs (e.g. through temporary shelter cash assistance, alternative shelter, reconstruction of destroyed houses, provision of cash and voucher assistance for essential products), and to provide across the board, immediate and ongoing psychosocial support (e.g. through psychosocial rehabilitation programs and workshops) was raised in all the workshops. Participants also highlighted the loss of jobs and the devastation caused, including to informal sector workers, because of the destruction of businesses, factories (including in the Gaza Industrial Estate) and vocational workshops. Entrepreneurs highlighted the need for rehabilitating and restoring livelihoods by addressing immediate needs such as restoring critical infrastructure and services (e.g. internet, electricity, alternative workspaces), providing financial support to help restart businesses and support labor, and extending psychosocial support particularly to young entrepreneurs. Participants also stressed the need for capacity building (e.g. ICT skills) and enhancing access to markets through digital platforms in the short to medium term.

During the meeting, all groups expressed a keen interest to remain engaged in, and to be informed of, the recovery and rebuilding process. Stakeholders also highlighted the need for transparency, efficiency, and responsiveness in the recovery response.

5.2. Rapid Web-based Survey

The World Bank launched a rapid web-based survey on June 9, 2021 covering key topics such as access to basic services, labor outcomes, mental health, and coping strategies in the Palestinian territories. The survey was conducted over Facebook, using targeted advertisements based on gender, age and location to achieve a balance similar to the general population. A sample of 3,210 completed questionnaires was collected in over two weeks, providing much needed information on the living conditions of Palestinians. 2,159 of the completed questionnaires were from Gaza and 1,051 from the West Bank.

The main results from Gaza respondents are summarized as follows:

- Half of the Palestinians in Gaza displaced by the recent conflict, even if only for a short period of time. The majority of the displaced stayed with friends or family, schools or public buildings.
- The main concern reported by respondents in Gaza is the price and availability of food. This is followed by securing an income in the next two weeks, outbreak of further violence, exposure to COVID-19, access to health care, and the mental health of the respondent and/or children in the household.
- 47.9 percent of the Palestinian respondents in Gaza report a worsening supply of water and 87 percent of these respondents report concerns with the quality of water (although just less than half of these report so since the conflict).
- 7 percent of the respondents in Gaza are now relying on a private generator as the main source of electricity and did not do so before the events. Almost all the respondents in Gaza report that their main electricity source is not operable or face interruptions on a daily basis.
- 43.6 percent of the Palestinian respondents in Gaza did not receive medical care when they needed as they couldn't afford it.
- 50.4 percent of the Palestinian respondents in Gaza have been able to return to work since the cessation of hostilities began on May 21. Workers in Gaza are unable to return to work due to the destruction of workplaces.
- 67.3 percent of the Palestinians in Gaza indicate symptoms consistent with the clinical diagnosis of post-traumatic stress disorder. This could be reflective of years of occupation and violence in addition to the most recent events.
- Households in Gaza report to resorting to negative coping strategies in the form of reducing the number and portions of meals over more than half the days of the week.

5.3. Acknowledgments for Gaza RDNA Stakeholder Engagement and Consultations

The Gaza RDNA was conducted by the WBG in cooperation with the EU and the UN, and in close partnership with Palestinian Prime Minister's Office, Palestinian ministries, institutions, and civil society organizations as well as private sector organizations. The RDNA team is grateful for the help and guidance provided by the authorities, public entities and PA affiliated organisations, local NGOs and CSOs, UN agencies and CSOs and private sector organizations. The team would also like to thank representatives of unions, youth groups and individuals of vulnerable groups such as people with disabilities, IDPs, farmers, fisher folk, the elderly, injured, those with chronic diseases, women, informal workers and host families who provided their input to the RDNA.



Photo by: Majidi Fathi



EUROPEAN UNION



WORLD BANK GROUP
WEST BANK AND GAZA



United Nations



Photo by: Shareef Sarhan