



The Rebuilding of Gaza Amid Dire Conditions: Damage, Losses, and Needs

A need for up to US\$485 million for immediate and short-term recovery

Jerusalem, July 6, 2021 - The eleven days of hostilities in May 2021 in Gaza resulted in the loss of over 260 people, including 66 children and 41 women, and exacerbated previous traumas in particular among children. The human toll was aggravated by overall damage and losses to the social, infrastructure, and productive and financial sectors. A Rapid Damage and Needs Assessment (RDNA) reveals up to US\$380 million in physical damage and US\$190 million in economic losses. Recovery needs have been estimated up to US\$485 million during the first 24 months.

The Gaza RDNA was conducted between May 25 to June 25, 2021 in partnership between the World Bank Group, United Nations (UN) and European Union (EU) immediately after the cessation of hostilities and in close cooperation with the Palestinian Authority and in consultation with the civil society and private sector in Gaza. While the RDNA's estimates are preliminary, they are critical to identify priority interventions.

"This is yet another unfortunate episode in which the Palestinian people in Gaza saw themselves in the midst of conflict and destruction. The humanitarian crisis is worsened in an economy with very limited ties to the outside world. Gaza's GDP may contract by 0.3% in 2021 compared to an estimated 2.5% annual growth before the conflict. With this assessment, we hope to mobilize donors' support to help restore dignified living conditions and livelihoods in Gaza, and lead the way to recovery." said **Kanthan Shankar, World Bank Country Director for West Bank and Gaza**.

The recent hostilities have done more damage to already faltering socioeconomic conditions. Palestinians in Gaza have suffered from the cumulative costs, human and economic, of recurrent hostilities over the last three decades, as well as prolonged restrictions on the movement of people and commercial goods at border crossings, limits to fishing off Gaza's coast, and now the effects of the COVID-19 pandemic. The alarming unemployment rate in Gaza is roughly 50% and more than half of its population lives in poverty. Following May's hostilities, 62% of Gaza's population were food insecure.

According to the RDNA, the estimated value of the physical damage caused by the conflict ranged between US\$290 to US\$380 million. The social sectors were hit the most (US\$140 – 180 million), making up more than half of the total damage. Housing alone represents almost 93% of the total damage to the social sectors. The second most-severely-affected sectors are the productive and financial sectors, with agriculture and services, trade and industry at the fore.

The conflict generated economic losses (interrupted economic flows, production and services) that ranged between US\$105 to US\$190 million. Once again, the social sectors were the most affected with about 87% of losses caused by added health and social protection costs and unemployment. The conflict significantly weakened livelihoods and the safety nets of the most vulnerable.

"The cessation of hostilities reached last month has largely held but remains fragile. The UN is continuing its diplomatic engagements with all concerned parties to solidify the ceasefire. In the meantime, we are also ensuring that we do everything we can to meet the most urgent needs that would allow Palestinians in Gaza begin the process of recovery as quickly as possible. This RDNA is an important step in that process. I appeal to the international community to come together in support of these efforts." said **Tor Wennesland, UN Special Coordinator for the Middle East Peace Process**.

The Gaza RDNA promotes the Building-Back-Better approach in Gaza, focusing on rebuilding a more resilient climate-friendly economy and infrastructure and people's ability to absorb shocks, as well as on improving living standards and lives. Vulnerabilities that may have contributed to the impact of the conflict should, where feasible, be tackled during recovery and rehabilitation, allowing affected communities to manage and mitigate future risks. The recommended actions range from meeting immediate and future needs, such as restoring inclusive, energy efficient and environmentally sustainable infrastructure, to adopting stronger social safeguards measures and implementing targeted policy reforms.

The immediate and short-term recovery and reconstruction needs (during the first 24 months) are estimated between US\$ 345 – 485 million, with needs estimated between US\$345 to US\$485 million, of which US\$125 to 195 million in the immediate term (from now until the end of 2021), and US\$ 220 to 290 million in the short term (6 to 24 months). The priorities focus on ensuring a return to some normalcy by rapidly providing relief, repairing priority damages to infrastructure, and reinstating essential services disrupted by the conflict, to be restored at least to pre-conflict levels, if not further.

Critical recovery needs include cash assistance to around 45,000 individuals for food and non-food assistance, providing an additional 20,000 full-time jobs for 12 months, and prioritizing housing needs for over 4,000 destroyed or partially damaged that had about 7,000 children in the families who lost their homes. Early interventions are needed to improve food production in agri-food and fishery and rehabilitate physical assets. In addition, financial support is needed to reconstruct the badly damaged micro and small enterprises that provide services, goods, and jobs to the communities, with a focus on sustainable energy- and water-efficient techniques.

“Civilian casualties and the devastating socio-economic impact of this round of hostilities remind us once again that we must address the root causes of the conflict. The recovery of Gaza must be backed by a meaningful peace process that will bring security and dignity for all. While we acknowledge the importance of the RDNA exercise, the sustainability of Gaza’s recovery will depend much on the progress of the political process and a negotiated solution. Palestinian unity and democratic renewal through free and fair elections are as well of crucial importance,” said **Sven Kühn von Burgsdorff, EU Representative.**

Beyond the immediate and short-term reconstruction period, systematic policy efforts are required to sustain recovery. This includes the Palestinian Authority's building a sustainable governance system and creating an enabling environment for private sector-led growth and Israel's upgrading the services at Karm Abu Salem. Support to job creation programs for men and women is needed to start with 20,000 full-time jobs for 12 months as well as training in digital skills to access the global digital value chain and overcome geographical isolation. Other areas include water reuse for agriculture, renewable energy, the expansion of health facilities and services, and improving the quality of education and bridging learning gaps. Mechanisms to ensure the protection of women, youth, and refugees are especially important.

The World Bank Group, UN and EU are committed to provide critical support to the Palestinian people and ensure swift and reliant recovery, noting that the quick to short-term recovery will depend on financial support, including from donors, as well as Israel's cooperation to expedite access to materials and equipment intended for civilian purposes.

The RDNA global methodology assesses only physical damages and economic losses, while proposing financing needs from donors for reconstruction and recovery. The methodology does not assess harder-to-quantify impacts in Gaza, such as some damages to social and human development, which are also significant. Subsequent work will address these information gaps.

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