

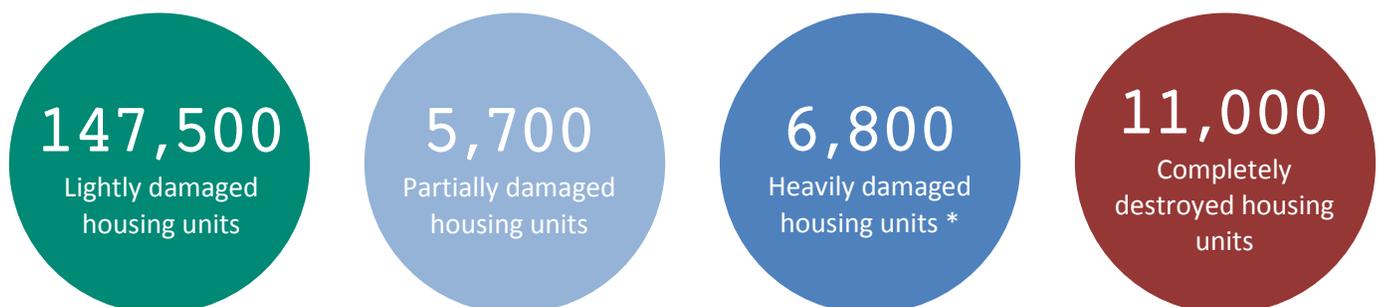
Two years later: The long road to reconstruction and recovery

Following Operation Protective Edge (OPE), which left behind unprecedented destruction and ruin in the Gaza Strip, fifty countries gathered at a conference in Cairo, where they pledged 3.5 billion dollars for reconstruction plus \$1.5 billion in general support to the Palestinian Authority. Israel's political leadership, as well as senior security officials, [went on record saying](#) Gaza's reconstruction would serve Israel's interests, including for security.

Two years have passed. Despite donors' good intentions and Israel's willingness to allow some reconstruction efforts and entrance of construction materials through the Kerem Shalom crossing, reconstruction and recovery in the broader sense remain beyond reach. According to figures published by the [Shelter Cluster](#), a consortium of entities and organizations which monitors reconstruction of housing and is led by the Norwegian Refugee Council, 1,181 of the 11,000 housing units that were completely destroyed during the hostilities have been rebuilt – 3,088 are under construction and funding has been secured for rebuilding 1,927 more. The remaining 4,804 housing units currently have no funding, and, consequently, no start date for beginning the approval process that ultimately results in reconstruction.

To date, [only 40%](#) of the funds pledged at the Cairo conference in 2014 have reached their destination. This, together with other glaring obstacles – Israel's restrictions on entrance of materials, the internal Palestinian political rift, the lack of master plans for rebuilding neighborhoods that have been destroyed, and problems with the mechanism through which construction materials are brought into Gaza – delay or thwart the reconstruction process. In the following document, we assess achievements and obstacles in the reconstruction effort and offer recommendations for moving forward.

Damage to housing units during Operation Protective Edge



* Housing units that were so heavily damaged that they were rendered uninhabitable
Source: Data for this and other tables provided by the Shelter Cluster. See shelterpalestine.org.

Damage assessments and the advent of the Gaza Reconstruction Mechanism

In the wake of hostilities, which ended in the late summer of 2014, the United Nations (led by the UN Development Programme (UNDP) and the UN's Palestinian refugee agency UNRWA) teamed up with the Palestinian Ministry of Public Works and Housing (MPWH) to assess and document damage caused to buildings and infrastructure. The data collected by the team showed that 11,000 housing units had been completely destroyed, 6,800 more were so heavily damaged that they were deemed as uninhabitable, 5,700 units were partially damaged and 147,500 were lightly damaged.

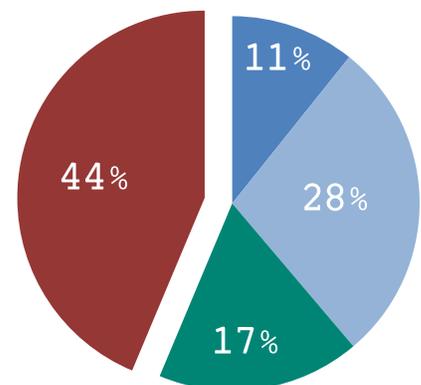
The damage to infrastructure was immense. According to the MPWH, 75 kilometers of road were damaged while damage caused to water and electrical infrastructure was estimated at more than \$90 million. According to the Palestinian Ministry of Education, 236 public and private schools were hit in the fighting, as well as 91 UNRWA schools, 12 academic institutions and 199 childcare centers. In addition, 5,153 businesses, commercial complexes and factories were hit to various degrees.

Israel consented to allow otherwise banned construction materials (cement, steel and gravel) to be brought into Gaza subject to the establishment of a specialized monitoring mechanism that would allow Israel to determine (or deny) the following: which structures could be built and where, as well as the quantities of materials needed to do so, surveillance standards in warehouses storing construction materials, and who would be entitled to supply as well as purchase said construction materials in the Gaza Strip.

The Gaza Reconstruction Mechanism (GRM) began operating in October 2014. In less than two years, it has been entrenched to the point that it acts as a clearing house for entrance of otherwise banned construction materials [and other items](#) for almost every project related to construction and infrastructure in Gaza. Some projects continue to be managed bilaterally by the international community, while all private reconstruction and construction are managed via the GRM. The Palestinian Authority approved the establishment of the mechanism and, through the Ministry of Civil Affairs (MoCA), acts as a liaison between Gaza residents and the Israeli authorities. The UN supervises the implementation of the GRM on the ground.

Progress in reconstruction of completely destroyed housing units

- % housing units rebuilt
- % housing units under construction
- % housing units for which funding has been secured but are not yet under construction
- % housing units which have no funding and have not been rebuilt



Early on, the Palestinian Ministry of Housing put together a database listing the names of residents whose houses were damaged during the fighting and who were eligible for reconstruction grants. A special committee determined the priority sequence for receiving these grants. Homeowners were allocated the amount of construction materials they were entitled to according to damage assessments, and a monitoring system was put in place to oversee various stages of the reconstruction process, in an effort to ensure congruency between

the pace at which construction progressed and the pace at which construction materials could be purchased. During the early months in which the mechanism operated, all efforts were directed toward repairing structures that had experienced light damage, a phase, which, as stated above, has not yet been completed.

According to Shelter Cluster [figures](#), as of the end of July 2016, 81,311 housing units that were damaged had been repaired, an additional 25,744 were either being repaired or funding had been secured for their repair, whereas 63,945 units had not been repaired and no funding for repairs had been secured.

Reconstruction begins, one year later

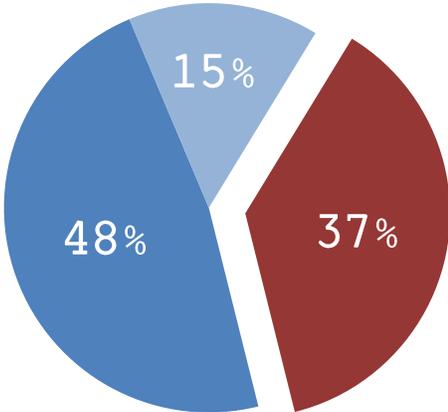
Up until June 2015, Israel and the Palestinian Authority were in dispute over the formula for calculating the amount of construction materials needed to rebuild homes that were completely destroyed (the ratio of cement, steel and gravel needed to build each square meter). On June 24, 2015, Palestinian Housing Minister Mufeed al-Hasayneh [announced](#) the beginning of Phase II in Gaza’s reconstruction, in which houses that were completely destroyed would be rebuilt. In other words, until then, construction had not begun on a single house destroyed during the fighting.

Damage to industry and the reconstruction process

During the military operation, 5,153 commercial and industrial structures were destroyed or damaged, including 562 factories and workshops, of which 213 were completely destroyed. The amount of money being invested in reconstruction of businesses and industry in Gaza represents a relatively small fraction of the total funding that has been raised for recovery efforts. The National Reconstruction Team (run by the Palestinian Authority) told Gisha that it estimates that the money allocated to rebuilding factories so far is about 25 million dollars while total damage was estimated by the team at more than 150 million dollars. Most of the funds allocated have gone to reconstruction and compensation for 3,200 businesses that were lightly damaged during the operation.

Progress in reconstruction of damaged housing units

- % housing units repaired
- % housing units in the process of being repaired or for which funding has been secured
- % housing units not repaired and for which no funding has been secured



Despite dire economic conditions in Gaza, many industries managed to resume production, even if not at full capacity. The president of the Palestinian Federation of Industries told Gisha that he estimates that about 80% of the factories that were damaged during OPE resumed operations to some degree. He said some manufacturers moved whatever contents survived their bombed-out factories to other locations. Some managed to restore manufacturing capacity using construction materials, machinery and spare parts that were

available in the Gaza Strip. In the food and furniture industries, factory owners were able to import new production lines to replace the ones destroyed during the hostilities, while other sectors, such as the construction, engineering and steel industries, have had much more difficulty obtaining Israel's approval to import replacement production lines and parts.

Various donors have assisted in the efforts to rehabilitate Gaza's industry. For example, the United Kingdom's Department for International Development (DFID) focused on [supporting damaged factories](#). It agreed to fund 75 percent of the cost of fixing production lines up to a maximum of \$35,000 each. The agency told Gisha that it provided support for 260 factories at a total cost of some \$3 million.

In addition, the Gaza Ministry of Education told Gisha that all schools that were partially damaged have been repaired and that the construction of five schools that were completely destroyed is underway.

The flow of construction materials into the Gaza Strip

Between the end of Operation Protective Edge and the end of June 2016, about 915,000 tons of cement, 126,000 tons of steel and about 4 million tons of gravel entered the Gaza Strip. This is a fraction of what Gaza residents actually need, given cumulative need for tens of thousands of housing units, public buildings and other civilian infrastructure over years during which entry of construction materials was all but prevented.

Construction materials have gone to repair and reconstruct residential units, roads, industrial buildings and infrastructure. In October 2015, Israel removed gravel from a list of "dual-use" items prevented from entering the Strip and it currently enters the Gaza Strip outside the mechanism, coordinated for entry like any other unrestricted item.

[According to estimates](#) released by the Shelter Cluster in late 2014, residential repairs and reconstruction alone require 1.6 million tons of cement and steel (excluding gravel), whereas closing the gap on the overall housing shortage in the Gaza Strip requires about 6.4 million tons of cement and steel.

The construction materials that do come into Gaza are being used to repair damage caused during the most recent military operation and those prior as well as for new construction unrelated to hostilities. Funding for reconstruction and construction comes from foreign sources and international organizations, but much of it is also privately sourced. According to information [posted on the website](#) of the Gaza Reconstruction Mechanism (GRM), as of July 24, 2016, of the 8,683 housing units that received some or all of the necessary construction materials for rebuilding, 3,698 are categorized as units destroyed during Operation Protective Edge and 4,994 others are units under construction unrelated to the operation. With respect to building projects mentioned on the website, 44% are funded via foreign donations and the rest are privately funded.

Palestinian officials involved in the reconstruction process have told Gisha that they estimate that only about 45% of the construction materials that have come in through the GRM are designated for repairing damage caused during OPE. This points to the fact of vast cumulative need for private development; alongside the destruction of the military operation and rampant want are individuals who have invested their own funding in construction.

50-day ban on cement in 2016

On April 3, 2016, the Coordinator of Government Activities in the Territories (COGAT) announced cement would no longer be permitted into Gaza. The ban was initially implemented in full, meaning it affected both international organizations engaged in construction in Gaza and the private sector, and was predicated on concerns that cement was being siphoned off onto the black market. Gradually, some agencies were permitted to bring in cement, but the ban for the private sector remained in place for 50 days, and followed on the heels of months during which the amount of cement entering Gaza had been declining. The ban put a near halt to construction work in Gaza, causing financial damage and the temporary loss of thousands of jobs.

Though the ban was lifted two months ago, factories that manufacture cinderblocks – a basic commodity without which there can be no construction – can no longer order cement via the GRM. In some cases, factories make blocks using cement brought to them by private consumers. Some factories buy cement from authorized suppliers or from whoever has cement reserves. The havoc created by the shortage of cement and the need for these roundabout processes to procure cinderblocks has increased costs and slowed construction.

In addition, there has been a 42% drop in the volume of cement that has come into Gaza since the ban was lifted. Several sources told Gisha that it appears that Israel has set an upper limit of 90 trucks of cement that can enter Gaza per day via Kerem Shalom Crossing. In an effort to regulate the market in the wake of competition for available construction materials, Palestinian officials have taken measures to ensure that at least half the materials on the market will be available for repairs and reconstruction following OPE.

The [50-day ban](#) on the entry of cement may be the most obvious, but there are other obstacles that have held back the reconstruction process: the limited number of vendors and contractors who are authorized to engage in reconstruction as part of the GRM, restrictions on the amount of construction materials entering each day and restrictions on entrance of other items on the dual-use list are some examples.

Rebuilding of neighborhoods

A massive challenge facing those engaged in reconstruction efforts is the rebuilding of whole neighborhoods that were reduced to rubble during the military operation, namely Shujaiyeh and Khuzaa. The planning of neighborhoods and districts, rebuilding entire housing complexes that were completely destroyed, as well as laying new roads and infrastructure requires not only a tremendous amount of money, but also intricate reforms and cooperation between entities that are not necessarily on good terms (such as between bodies belonging to the Palestinian Authority and others belonging to Hamas). Other challenges include documentation pertaining to property ownership and inheritance rights. Additionally, donor countries are apprehensive about pouring money into projects that don't show progress and other events in the region have taken priority, causing funds to be diverted elsewhere. Funding slowdowns create delays and a vicious cycle ensues.

However, officials in Gaza have spoken to Gisha about successful bids to plan neighborhoods in the Khuzaa area, as part of a collaboration between the Housing Ministry, the Palestinian Housing Council, international agencies and local residents. The plans were recently submitted for city council approval. The same agencies began the planning process in Juhor a-Dik, southeast of Gaza City. These two neighborhoods are less densely built, allowing for easier progress than in Shujaiyeh, where planning is more complicated.

Dual-use items

In addition to funding limitations and strict monitoring over the entrance and distribution of construction materials, reconstruction efforts are greatly encumbered by restrictions on the entry of materials and equipment that appear on Israel's [dual-use](#) list. Israel deems items to be "dual-use" if they are civilian in nature but can also be used for military purposes. The list contains items which are vital for humanitarian work and civilian needs, as well as critical for construction like cement and steel, as well as cement mixers and pumps.

The chairman of the Building Industry Association in Gaza told Gisha that industries related to construction have been some of the slowest to recover. Molds used to manufacture cinderblocks, for instance, have been banned from entering Gaza since the operation. He said the importance of this issue to the reconstruction effort could not be overstated. All this is in addition to Israel's [March 2015 decision](#) to impose further restrictions on the entry of wood, which has harmed construction efforts and the [furniture industry](#).

Conclusion

Early this year, we [voiced concern](#) that the GRM would become a filter through which most non-consumable items sold to Gaza residents would pass. The mechanism has failed in the number one task Israel ostensibly set for it – preventing tunnel construction – a failure [admitted](#) (Hebrew) by Israel's own security establishment. At present, the GRM mostly serves as monumental testament to the degree of control Israel continues to have over daily life in the Gaza Strip.

All parties must take action to ensure the effective flow of materials needed for building critical infrastructure, closing the gap on the immense shortage in housing units and ensuring conditions for economic development and normal life. While Israel has the means and authority to inspect all goods entering Gaza, it and other influential actors must refrain from engaging in actions that impede the tremendous efforts of those working towards reconstruction and true recovery in the Gaza Strip.