

UNDP/PAPP Gaza Insights Series

# Impact of the Gaza War on Private Sector and Pathways for Recovery



October 2024

This Report provides insights from the **Palestine Federation of Industries (PFI)** and the **Federation of Palestinian Chambers of Commerce, Industry, and Agriculture (FPCCIA)** on the war's impact on the private sector, and has been developed in collaboration with **UNDP's Programme of Assistance to the Palestinian People (PAPP)** as part of its *Gaza Insights* series.

The *Gaza Insights* series is a **UNDP/PAPP initiative**, working in **close collaboration with local, international, and UN partners** to gain insights and perspectives on different socio-economic aspects of the situation in Gaza, to **inform immediate and medium-term responses** on the ground.

The *Gaza Insights* are developed through **various qualitative and quantitative research methods** that can be applied within the current security conditions and access limitations in Gaza, which do not allow for large samples or validation of information.

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## 1. Executive Summary

### Introduction

The Gaza Strip's economy has been profoundly hallowed by enduring blockade measures and recurrent wars and escalations of hostilities since 2007. The stringent limitations on the movement of individuals and commodities, coupled with the almost complete shutdown of commercial gateways prohibiting the influx of vital raw materials, machinery, and crucial technologies, severed the region's connection to international markets and resulted in widespread devastation across all economic domains.

In addition to the unprecedented humanitarian crisis in the Gaza Strip, the ongoing war since 7 October 2023 has led to severe and compounding socio-economic impact on all Palestinians across the whole occupied Palestinian territory (oPt). According to the Economic and Social Commission for Western Asia (ESCWA) and the United Nations Development Programme (UNDP)<sup>1</sup> socio-economic impact assessment released in May 2024, the ongoing war has had devastating impacts on the Palestinian people, their economy, and human development. Projections – based on the scenario of the war continuing extending into its ninth month - indicated that the poverty rate would surge to 60.7 percent, and GDP loss could reach 29 percent in 2024, amounting to US \$7.6 billion compared to the pre-war projected GDP for 2023 and 2024. Additionally, human development in the West Bank and in Gaza would face major setbacks of over 16 and 20 years, respectively.

The war has severely disrupted the business environment in the Gaza Strip, affecting private sector capabilities, market access, and financial services, including liquidity. Additionally, the governance systems, essential for regulating and monitoring markets and transactions, have been critically compromised. Damage to firm assets, business-enabling infrastructure, and governance systems, combined with a near-total blockade on the Gaza Strip, has led to a collapse in business operations and market connectivity, including access to materials and services, also resulting in significant financial constraints. Moreover, the diminished capacity of private sector representative organizations complicates efforts to address these challenges. Historical patterns from previous hostilities indicate that restricted access to materials and goods, if not systematically addressed, will further worsen the humanitarian crisis and impede effective recovery and reconstruction efforts in Gaza.

To deepen the understanding of the multifaceted challenges emerging from the Gaza war's impact on the Palestinian economy, UNDP's Programme of Assistance to the Palestinian People (PAPP) has undertaken a series of consultations with local stakeholders within the private and financial sectors. These efforts sought to gather nuanced insights into the economic impact of the Gaza War and propose actionable short-term, medium-term, and long-term solutions that could facilitate a swift and sustainable recovery for the Palestinian economy. Preliminary insights on the Gaza war's impact on the private sector were presented in a workshop with the international community and relevant stakeholders in Ramallah, on 9 July 2024. This report, prepared as part of UNDP/PAPP's Gaza Insights series based on rapid assessments conducted by the Palestinian Federation of Industries (PFI) and Federation of Palestinian Chambers of Commerce, Industry, and Agriculture (FPCCIA), aims to provide a deeper evidence-based understanding of how the ongoing war is impacting the private sector in Gaza and presents a responsive framework by PFI and FPCCIA to address short-

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<sup>1</sup> UNDP- ESCWA, Gaza war: expected socioeconomic impacts on the State of Palestine Update | May 2024

term and long-term needs, incorporating the perspectives of surveyed enterprises and consulted stakeholders.

The report presents new insights gathered from three surveys that were launched since May 2024: PFI's Rolling Industrial Enterprise Return-To-Work Survey, with responses from 896 enterprises; FPCCIA's Survey of Traders specializing in importing goods from the West Bank to the Gaza Strip (15 traders) and Survey of Fuel and Gas Stations (66 stations). Additionally, two case studies were conducted through interviews with private sector entities in the industry and trade sectors to further shed light on the impact of the war at the individual level as well as the enterprises' perspectives and prospects for recovery. Support from the Emergency MSME Helpdesk established by UNDP/PAPP in Gaza as part of the National MSME Helpdesk 'Monshati', in which PFI and FPCCIA are the leading partners, facilitated communication with members and stakeholders and allowed for the timely completion of the survey and consultation work.

## Key Insights

### Industrial Sector

Findings from the survey conducted by PFI reveal that around **84% of surveyed industrial enterprises sustained total (54%) or severe damage (30%)**. Initial estimates show that enterprises have suffered approximately **US \$786,459,644 in direct damage**. Around **85%** of enterprises have **halted their production**. While this rate is consistent across most subsectors, the food and paper industries show a higher operational rate, with 30% operating at the time of the survey. Most of the enterprises that are currently operating are: construction, textile, food, and wood, followed by the metal and paper industries, with the sector's production capacity extremely low. Close to **63% of active enterprises operate at capacities below 30%**, while some enterprises in the food, clothing, and construction sectors operate at 50% or above. The **90% decline in employment** reported by the active industrial establishments, from 21,529 to 2,182 workers, poses a significant threat to workforce stability and economic recovery. However, 51.4% of industrial enterprises reported their ability to operate once a ceasefire is achieved, with 57.5% still having reliable equipment or machines and 30% being able to resume operations at their original sites.

### Trade and Market Dynamics

The importation of essential goods into the Gaza Strip is heavily restricted. After the Rafah crossing closed in May, **only about 100 private-sector traders were allowed to import specific food items from the West Bank through the Karm Abu Salem crossing**. However, only a handful of traders are responsible for about 80% of the goods entering the Gaza Strip. At the time of preparing this report, interviewed traders reported that importing essential fast-moving consumer goods (such as cleaning and health protection products), as well as resources needed for economic activities, is completely prohibited.

While Israel solely manages the coordination for the entry of goods to the Gaza Strip through a WhatsApp mechanism, traders report challenges in coordinating the entry of goods. Around **80% of traders experienced damage to their goods**, and **53% experienced long holds** by Israel in the past two months. "Unofficial" coordination costs range from NIS 10,000 to NIS 15,000 per truckload and reaching a staggering NIS 60,000 in some cases. These challenges have fostered an environment conducive to extortion and coercion, as reported by 53% of traders. Moreover, **challenges in coordinating the timely entry of goods compel traders to source products from Israel rather**



**than the West Bank**, to help reduce coordination complexities. **Transportation costs from the West Bank to the Gaza Strip have increased significantly, from NIS 1,800 to NIS 19,200.** Traders in the Gaza Strip now pay **NIS 8,000 per truckload for additional protection measures**, due to the absence of security personnel and the breakdown of law and order, bringing the total expenses to about NIS 27,000 per truckload.

Damage to essential electricity infrastructure, coupled with stringent limitations imposed by Israel on the importation of fuel and gas, resulted in an energy crisis. According to the FPCCIA survey, around **80% of surveyed fuel and gas stations reported severe damage**, leading to a significant decrease in fuel storage capacity. The damage to nearly 90% of the stations' fleets makes it challenging to reach affected communities and meet the needs of the private sector. Initial estimates show that surveyed stations have suffered approximately **US \$42 million in direct damages**. The war caused severe damage to logistical functions, including warehousing and distribution, affecting the availability of products in the market and price fluctuations. The severe damage to facilities and fleets is exacerbated by insufficient energy supply and elevated protection expenses. Warehouse costs, which encompass rental fees and security expenses, now range between NIS 5,000 and NIS 10,000 per month.

The war has also led to a **severe shortage of cash and a rise in informal "cash selling"**, with some individuals charging a fee of 10% to 20% for providing cash. In response, banks have increased the use of e-payment solutions, particularly after the Palestine Monetary Authority (PMA) introduced in May 2024 new measures facilitating e-payments, including cost-free instant payments, offline U.S. dollar transaction capabilities, and electronic Know Your Customer (e-KYC) procedures. Despite these measures, the private sector reports that these solutions are not enough to meet the needs of the market. Additionally, online payment methods are severely lacking in Gaza and North Gaza governorates, and street vendors only deal with decayed old cash in circulation.

With regards to managing the entry of goods into the Gaza Strip, consultations carried out by FCPPIA with private sector stakeholders reveal that there is no coordination between Israeli authorities and Palestinian entities. This leads to the unavailability of priority food and non-food items, price distortions, and lack of enforcement mechanisms for quality control over commodities being introduced into the Gaza Strip. The **dysfunctional market** has exacerbated power imbalances, allowing for practices such as market dominance and stockpiling, which have led to **fluctuations and sharp increases in prices**. In addition, the destruction of central markets further hinders any efforts to introduce measures to help regulate the market. In June and July, price monitoring by FPCCIA showed **price hikes ranging from 20% to a staggering 500% in some essential food products**. The war has also significantly impacted private sector organizations like FPCCIA and PFI, reducing their capacity to meet businesses' changing needs, as well as affecting their role in coordinating proper functioning of the market.

## Recommendations

The critical situation in Gaza demands urgent action. The foremost priority is for an **immediate ceasefire** to save lives, address the dire humanitarian crisis, mitigate the war's economic and environmental impact, and start at-scale recovery efforts. Urgent interventions are needed to support the recovery and revitalization of businesses, particularly micro, small and medium-sized enterprises (MSMEs).

The FPCCIA and PFI have independently developed recovery and development frameworks following consultations with stakeholders, including their member unions and sector stakeholders. Plans at the sub-sectoral levels are also available for further reference. The collaborative framework below reflects key recommended interventions to support MSME recovery and revitalization.

#### Immediate Response and Early Recovery Interventions

- 1) Facilitating the resumption of economic operations in vital industrial, service, and agriculture sectors that are also labour-intensive. Priority industrial sectors include food industries, textile and clothing, wood, construction, and aluminium, as well as plastic and chemical industries, amongst others. Urgent support is also needed for farmers, fishermen, and animal breeders to restore their livelihoods and enhance their resilience, while contributing to address the food security crisis. Support to the rapid resumption of economic activities entails the rehabilitation of partially damaged enterprises, farms, and finishing boats, establishing temporary economic hubs, and providing support in production resources, including fuel and alternative energy sources, raw materials, machinery, agricultural inputs, and others.
- 2) Alleviating the impacts of market malfunctioning, and improving access to essential goods through establishing safe zones for trading, rehabilitating central markets, supporting the private sector in the West Bank in increasing production and derisking their trade with Gaza, supporting and rehabilitating the commercial transport sector, and rehabilitating fuel stations and fuel transport trucks.
- 3) Stabilizing and restoring the enabling environment for economic recovery. Notable interventions include supporting MSMEs access to cash liquidity and operational working capital through grants, relief funds, and other cash liquidity support programmes, reviving private sector organizations through supporting (PFI and FPCCIA) in restoring their capacities and expanding the support provided through the Emergency MSMEs Helpdesks under Monshati for comprehensive, coherent, and coordinated support and recovery packages.
- 4) Supporting decent employment opportunities to restore the productive capacities of the private sector to address the dire and emerging domestic needs. Needed interventions include wage subsidies and cash-for-work programmes, restoring technical and vocational training institutes, capacity building for workers and technicians in the private sector, especially in the construction and boat manufacturing and maintenance sectors, and skilled labor employment programmes in enterprises capable of resuming their operations.

#### Strategic Longer-Term Interventions

Longer-term interventions aim to contribute to economic recovery, private sector growth, and employment generation in the Gaza Strip, while emphasizing industry resilience, market organization, and skill development. Interventions focus on revitalizing vital sectors by rehabilitating industrial zones and establishing trading zones, stabilizing markets by reconstructing infrastructure and refining financial solutions for MSMEs, fostering an enabling business environment by addressing financial constraints and enhancing private sector capacity, and promoting decent employment opportunities through skills assessment, curriculum alignment, inclusive skilling access, digital learning platforms, entrepreneurship support, and job placement services amongst others.

## Advocacy

Key advocacy actions are also needed to improve MSMEs' access to crucial and commercial goods within Gaza. These include broadening the importer and distributor base, expanding the range of essential commodities to encompass items like medicines, spare parts, and solar panels, importing agricultural and animal production resources, as well as ensuring widespread geographic coverage for goods movement, supporting access to crossing points like Karm Abu Salem and Karni, assisting in transferring containers/goods stored in the West Bank, and safeguarding against settler attacks during transportation. Additionally crucial are efforts toward establishing safe trading zones and streamlining import procedures for raw materials and essential production resources.



## 2. Background

The Gaza Strip's economy has been profoundly hallowed by enduring blockade measures and recurrent military operations by the Israeli forces since 2007. The stringent limitations on the movement of individuals and commodities, coupled with the almost complete shutdown of commercial gateways prohibiting the influx of vital raw materials, machinery, and crucial technologies, severed the region's connection to international markets and resulted in widespread devastation across all economic domains. The blockade led to an energy crisis and frequent power outages, which raised operational costs as enterprises had to use expensive fuels for generators. Also, significant infrastructure elements and economic establishments suffered extensive destruction due to recurrent wars and escalations of hostilities. Consequently, according to data from the Palestinian Central Bureau of Statistics (PCBS), the period from 2006 to 2022 witnessed a stark decline of 37% in Gaza's real GDP per capita, alongside a reduction in its contribution to the Palestinian economy from 31% to a mere 17.4%. Concurrently, the unemployment rate soared dramatically from 23.6% pre-blockade in 2005 to an alarming 47% by the close of 2022, positioning it among the highest rates globally. Moreover, poverty levels exhibited a substantial surge, escalating from 40% in 2005 to a staggering 61.6% in 2022, thereby rendering approximately three-quarters of the Gaza Strip's population heavily reliant on external financial assistance and monetary transfers to fulfil their necessities.

**The Gaza war has caused immense death and suffering, massive destruction, and a catastrophic humanitarian crisis.** As of September 11, 2024, over 41,020 Palestinians have been killed in the Gaza Strip, with around 70% being women, children and elderly<sup>2</sup>. Over 94,925 people have been injured<sup>3</sup>, while thousands more are still missing under the rubble. Since the beginning of the war, at least 1.9 million people, constituting over 90% of Gaza's total population, have been forced to flee their homes and have become internally displaced, with many families displaced multiple times in search of safety. Whole neighbourhoods have been destroyed, including houses, healthcare facilities, schools, factories, and businesses.

**The war has had a severe impact on the entire Palestinian economy.** According to estimates from the socio-economic impact assessment of the Gaza War on the whole Palestinian economy released by UNDP and ESCWA<sup>4</sup> in May 2024, nine months of war are projected to lead to a staggering 29% loss of GDP compared to pre-war projections for 2023 and 2024. Unemployment levels across the oPt are expected to soar to 47.8%, and poverty rates are projected to surge from 38.8% to 60.7%, leading to an increase in the number of people living in poverty by an additional 1.86 million. Additionally, human development in the West Bank and Gaza will face significant setbacks of over 16 and 20 years, respectively.

**The economic conditions and future outlook in Gaza are particularly distressing.** Economic losses in the Gaza Strip are estimated at a staggering \$10 billion. According to the socio-economic impact assessment, economic activity in the Gaza Strip contracted by a striking 81% year-on-year compared to the fourth quarter of 2022, resulting in a 22.5% GDP decline for the entire year of 2023.

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<sup>2</sup> OCHA. Reported impact snapshot | Gaza Strip (11 September 2024). Available at: <https://www.ochaopt.org/content/reported-impact-snapshot-gaza-strip-11-september-2024>

<sup>3</sup> Ibid.

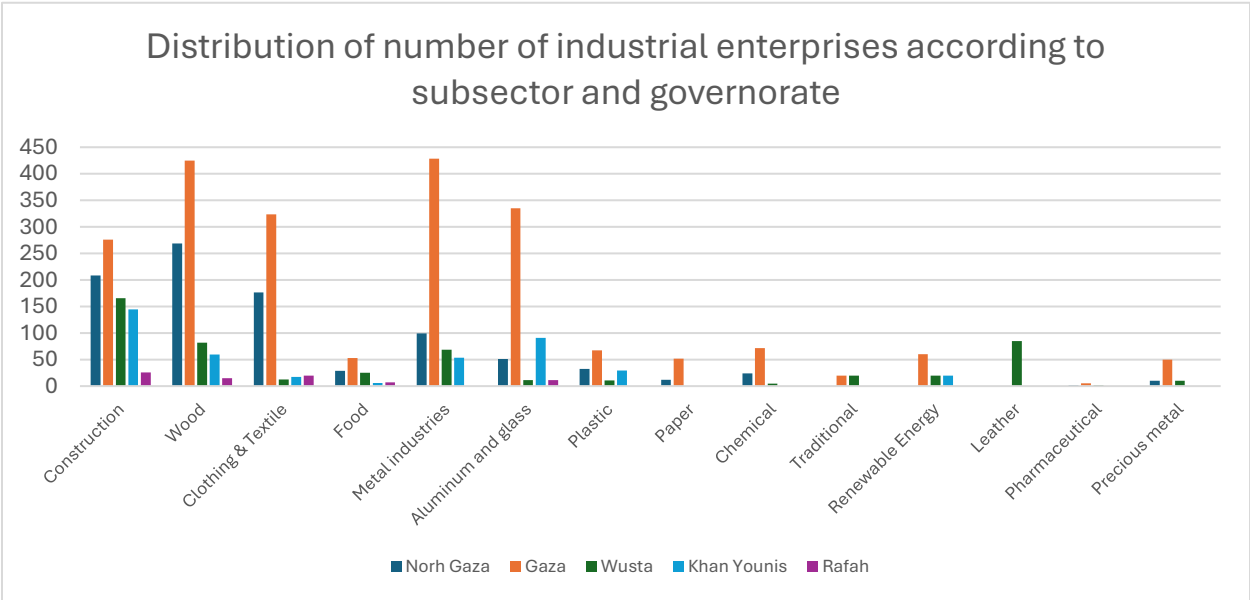
<sup>4</sup> UNDP- ESCWA, Gaza war: expected socioeconomic impacts on the State of Palestine Update | May 2024

The unemployment rate exceeds 80%. The report reveals a further bleak outlook for Gaza's economy, forecasting a potential 51% decrease in GDP for 2024 <sup>5</sup>(Figure 1).

**Even before the current war, the private sector in the Gaza Strip was already facing numerous challenges that hindered its resilience and growth.** The blockade and repeated wars led to significant infrastructure deficiencies and limited access to essential resources, such as raw materials, equipment, and external markets. As a result, the economy of the Gaza Strip has become heavily reliant on the services sector, which, according to the Palestinian Central Bureau of Statistics, accounts for about 70% of the GDP. The industrial sector, encompassing manufacturing and construction, contributes around 15-20% of the GDP and remains vital for local economic activity and job creation, directly employing 59,299 individuals, which is about 15% of the workforce. The agricultural sector contributes approximately 10-15%. The vast majority of businesses are micro, small, and medium enterprises (MSMEs).



Figure 1- Real GDP in the Gaza Strip



Source: Palestinian Federation of Industries, 2024

**The devastating impact of the war on Gaza's private sector has been profound,** with approximately 85% of businesses suffering destruction or severe damage. The ongoing war has resulted in severe damage to crucial elements of the economy, including agricultural land, factories, shops, warehouses, refrigeration units, and transportation infrastructure (e.g., trucks). This

<sup>5</sup> Ibid 1

unprecedented destruction has extended to critical and public infrastructure such as roads, electricity and water networks, ICT systems, and fuel supply, leading to a widespread halt in production activities and mass layoffs. **The closure of crossings further worsened the crisis.** Additionally, the halt in direct trade between the West Bank and Gaza, which accounted for 30-40% of Gaza's trade, further compounded the situation.

### 3. Introduction

**The Palestine Federation of Industries (PFI) and the Federation of Palestinian Chambers of Commerce, Industry, and Agriculture (FPCCIA) have played prominent roles in supporting the resilience and development of the private sector in the Gaza Strip for a long time.** The PFI focuses on the development of the industrial sector through specialized, voluntary, member-based industrial unions (14) that work on promoting local industries, supporting industrial development and training, and representing and advocating for the sector. The FPCCIA represents a wide range of businesses, including industrial, trade services, and agriculture enterprises, and it works to coordinate economic activities, support small and medium-sized enterprises, and advocate for policy changes to improve economic conditions.

As they continue to grapple with significant challenges, including infrastructure damage and operational limitations, both organizations persistently collaborated with businesses and diverse private sector entities to understand the ramifications of the ongoing crisis on their operations and identify their recovery needs. To aid in this support process, PFI and FPCCIA have been conducting rapid assessment initiatives on a rolling basis. Initial findings resulting from these assessments were shared during a workshop conducted by UNDP/PAPP and the United Nations Capital Development Fund (UNCDF) for the international community and relevant stakeholders, convened in Ramallah on 9 July 2024.

**The report presents new insights gathered from three surveys:** PFI's Rolling Industrial Enterprise Return-To-Work Survey, FPCCIA's Survey of Traders specializing in importing goods from the West Bank to the Gaza Strip and Fuel and Gas Stations Survey. It is important to note that both partners are also working on other assessments. For instance, PFI is currently surveying the specific needs of each specialized industrial union. FPCCIA is also involved in assessments in the agricultural sector.

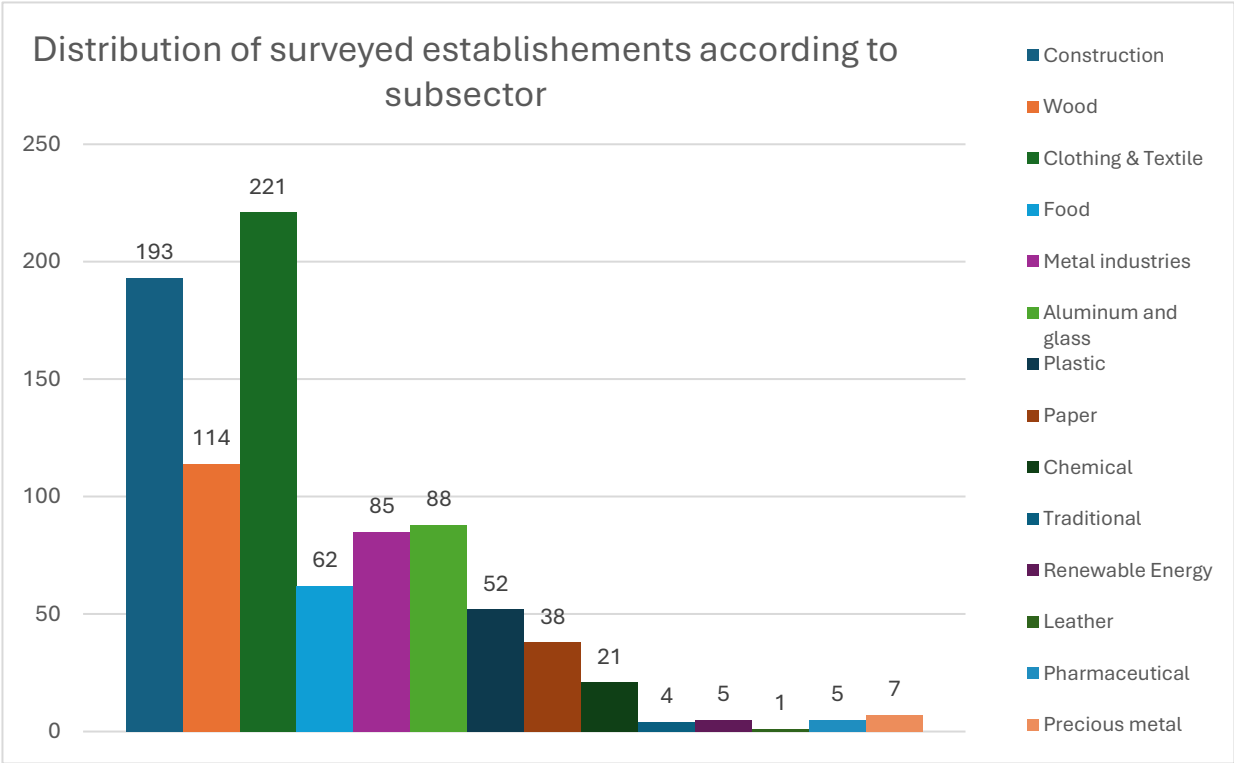
**The purpose of this report is to provide a deeper understanding of how the ongoing war is impacting private-sector businesses and propose responsive frameworks for both short-term and long-term needs.** The report includes proposed recommendations and interventions to support the recovery and revitalization of MSMEs, incorporating the perspectives of all consulted stakeholders. It is important to note that MSMEs in Gaza have received crucial support and subsidies to help them recover from the lasting blockade and recurrent wars and escalations of hostilities, though the assistance may not have been sufficient. Therefore, it is vital to strategically implement integrated initiatives that not only address immediate needs but also establish the foundation for a stronger, more sustainable and resilient economy in the Gaza Strip.

### 4. Methodology

In addition to the quantitative surveys described below, the insights presented in this report are based on in-depth consultations with businesses, private sector representatives, and support

organizations in the Gaza Strip. Perspectives of manufacturing enterprises, traders, drivers, wholesalers, and some consumers have also been gathered.

Support from the Emergency MSME Helpdesk established by UNDP/PAPP in Gaza as part of the National MSME Helpdesk 'Monshati,' in which PFI and FPCCIA are the leading partners, facilitated communication with members and stakeholders and allowed for the timely completion of the survey and consultation work.

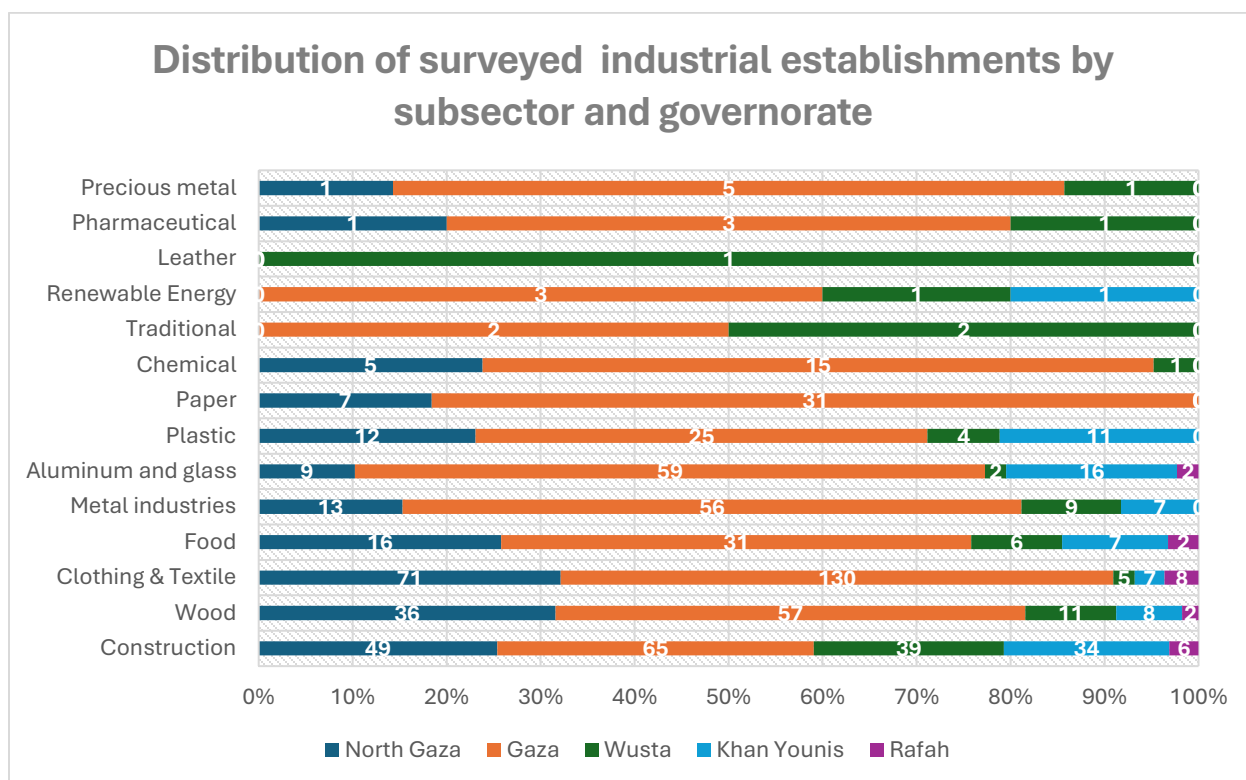
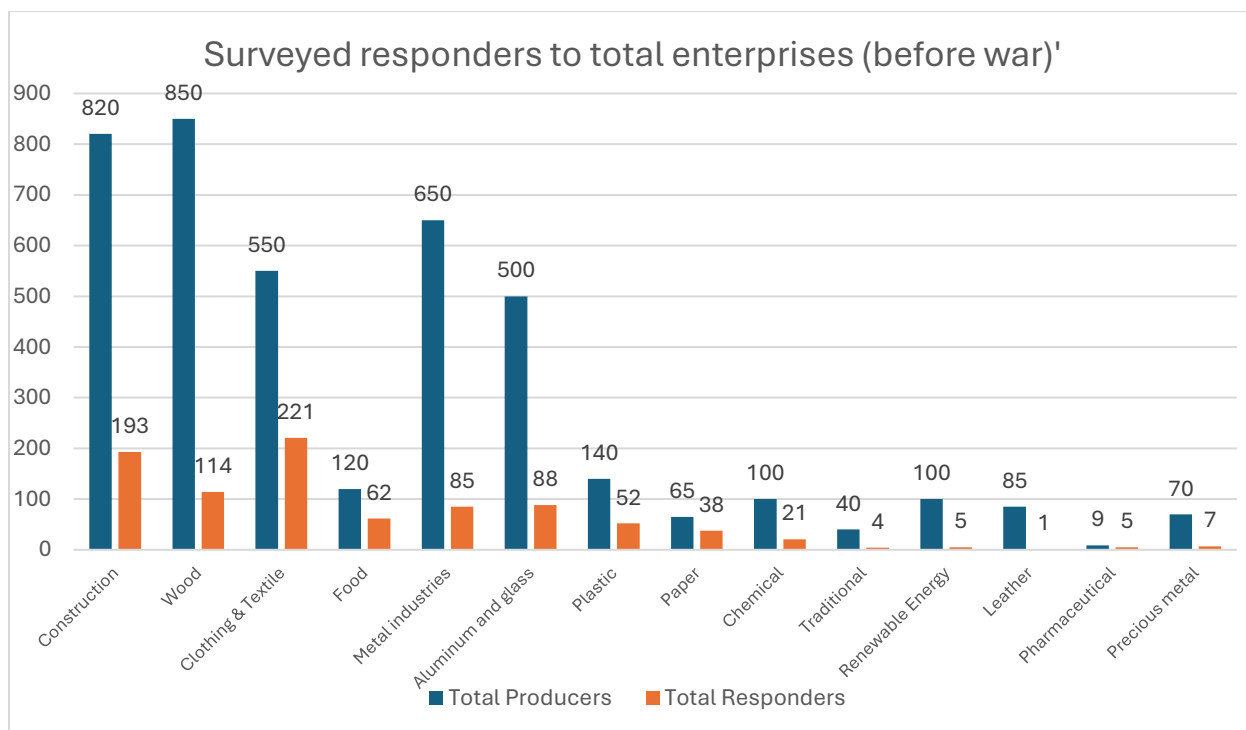


**A. Industrial Establishments Return-To-Work Survey**

**PFI launched a rolling survey in May 2024**, which was promoted through virtual channels such as social media. The survey focused on assessing the war's impact on manufacturing enterprises in terms of damage, operational status, production capacity, and labor, as well as their readiness and requirements to resume operations post-ceasefire.

**The report presents results as of July 1, 2024.** It is based on responses from 896 out of approximately 4,099 manufacturers in Gaza, who were operational before the war and completed the survey by that date. The specialized industrial unions validated the results.

**The responding enterprises are representative in terms of geographic distribution and economic activity/subsectors.** About 70% of the surveyed businesses are located in Gaza and North Gaza, which is consistent with their pre-war distribution. The majority of surveyed enterprises are from prevalent subsectors in Gaza, such as textiles, construction, food processing, and wood/furniture production, among others. Most of them are registered members of PFI and its specialized unions. However, there was a lower response rate from some smaller subsectors, like leather and renewable energy, compelling further insights.



## B. Survey of Importing Traders

FPCCIA and Gaza's Chamber of Commerce administered a phone survey with **15 traders in July 2024**.

The survey focused on issues and challenges facing the limited movement of goods over the past two months. It also sought to understand the effect of these challenges on prices and the population's access to essential goods to meet their priority needs.

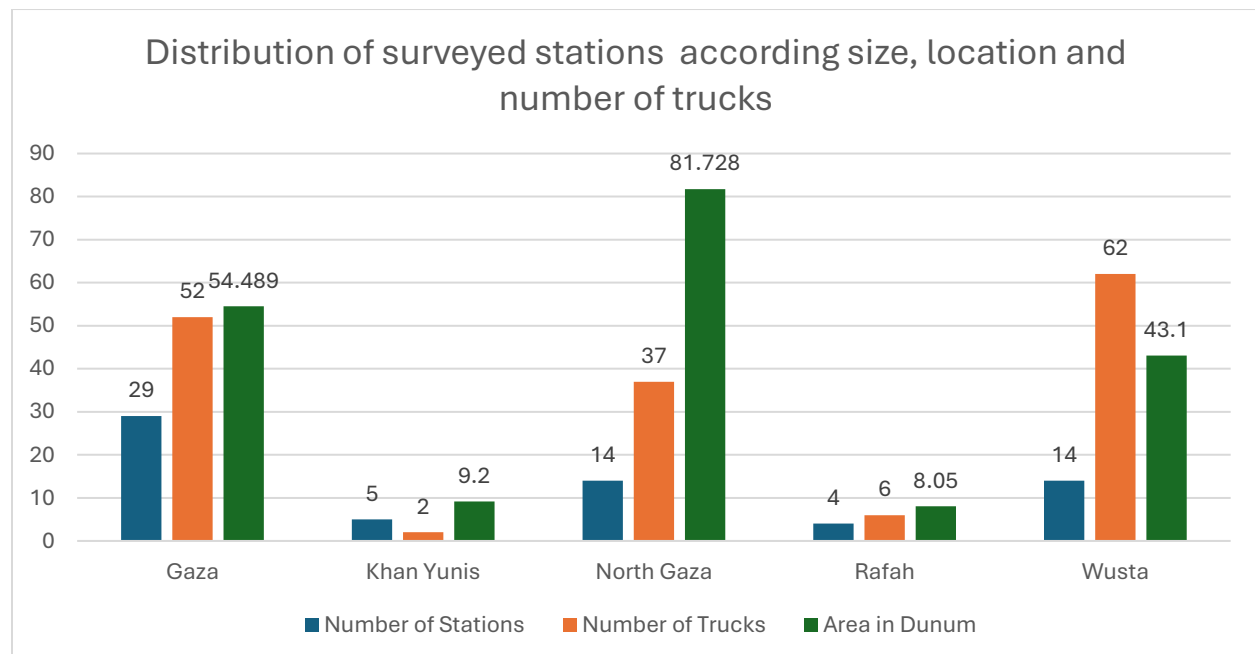
Surveyed **traders operate in Southern Wadi Gaza**, as no imported or private sector goods have been allowed access to Gaza and North Gaza governorates in the last two months. The sample includes traders who import from different places.

## C. Survey of Fuel and Gas Stations

**FPCCIA conducted the Survey of Fuel and Gas Stations between June 29 and August 4, 2024.** The survey aimed to assess the damage to infrastructure, facilities, and fuel vehicles and provide initial estimates.

**Since the outbreak of the war, Gaza and the Northern regions in particular have been subjected to severe restrictions on accessing fuel and cooking gas**, with only select allocations for bakeries and communication needs through international aid channels.

**Out of the 125 stations in the Gaza Strip, 66 completed the survey.** These stations are distributed across five regions and encompass a diverse array of ownership structures, including sole proprietorships, limited liability companies, private companies, and public shareholding companies.



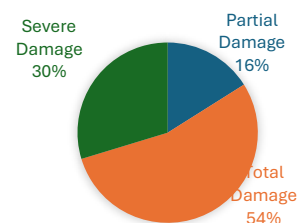


## 5. Impact on Industrial Enterprises

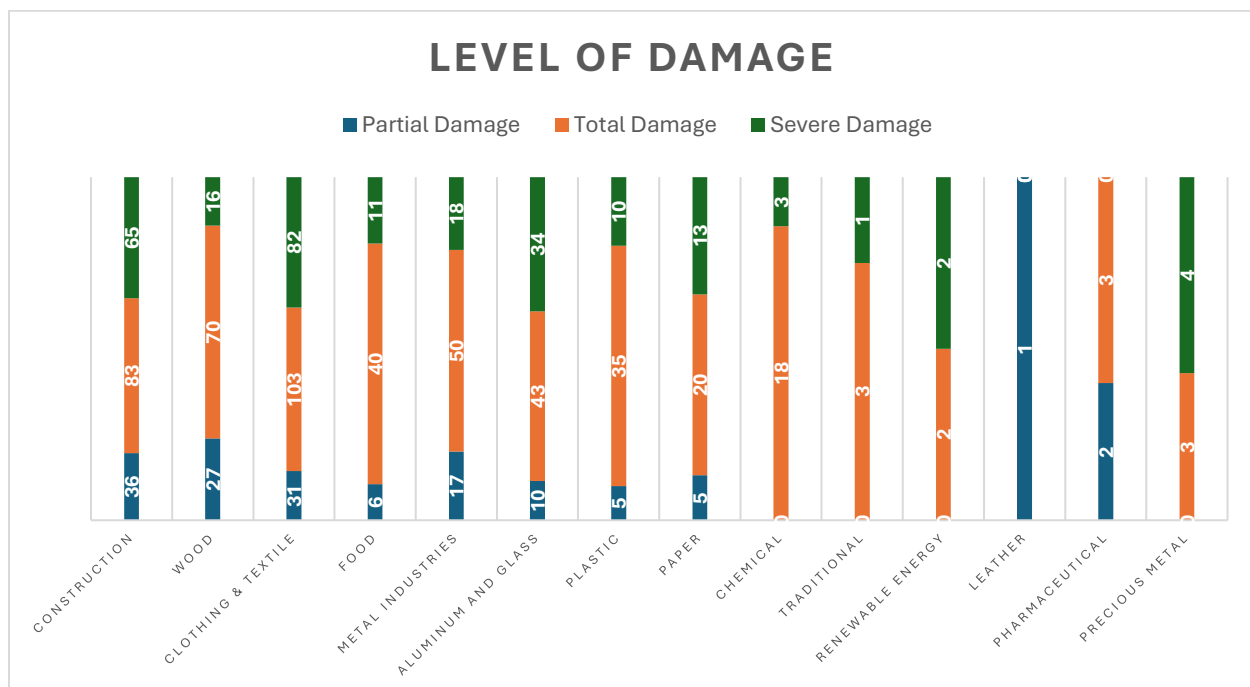
**Most industrial enterprises across all subsectors were extensively damaged, with the majority experiencing severe or complete damage to their facilities.**

Around **97% of surveyed enterprises reported damage to their enterprises**, a rate that is **consistent** across almost all subsectors. Around 84% of surveyed enterprises reported **total (54%) or severe damage (30%)**.

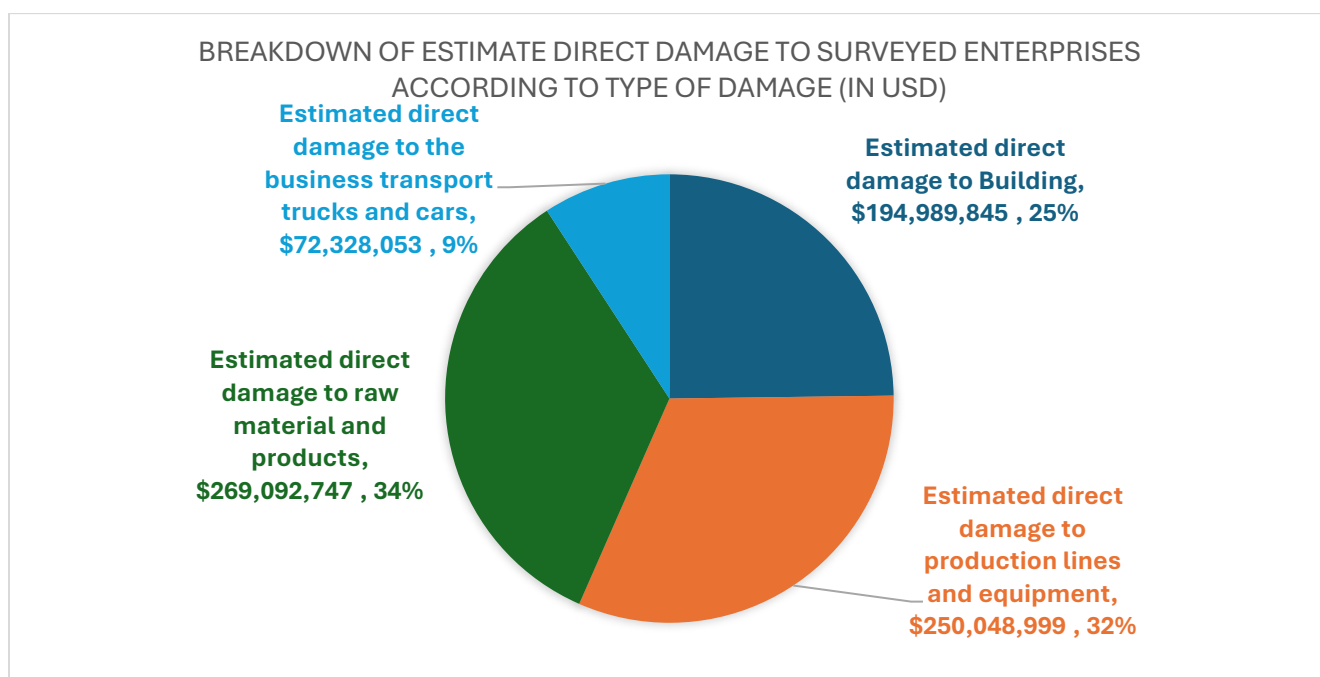
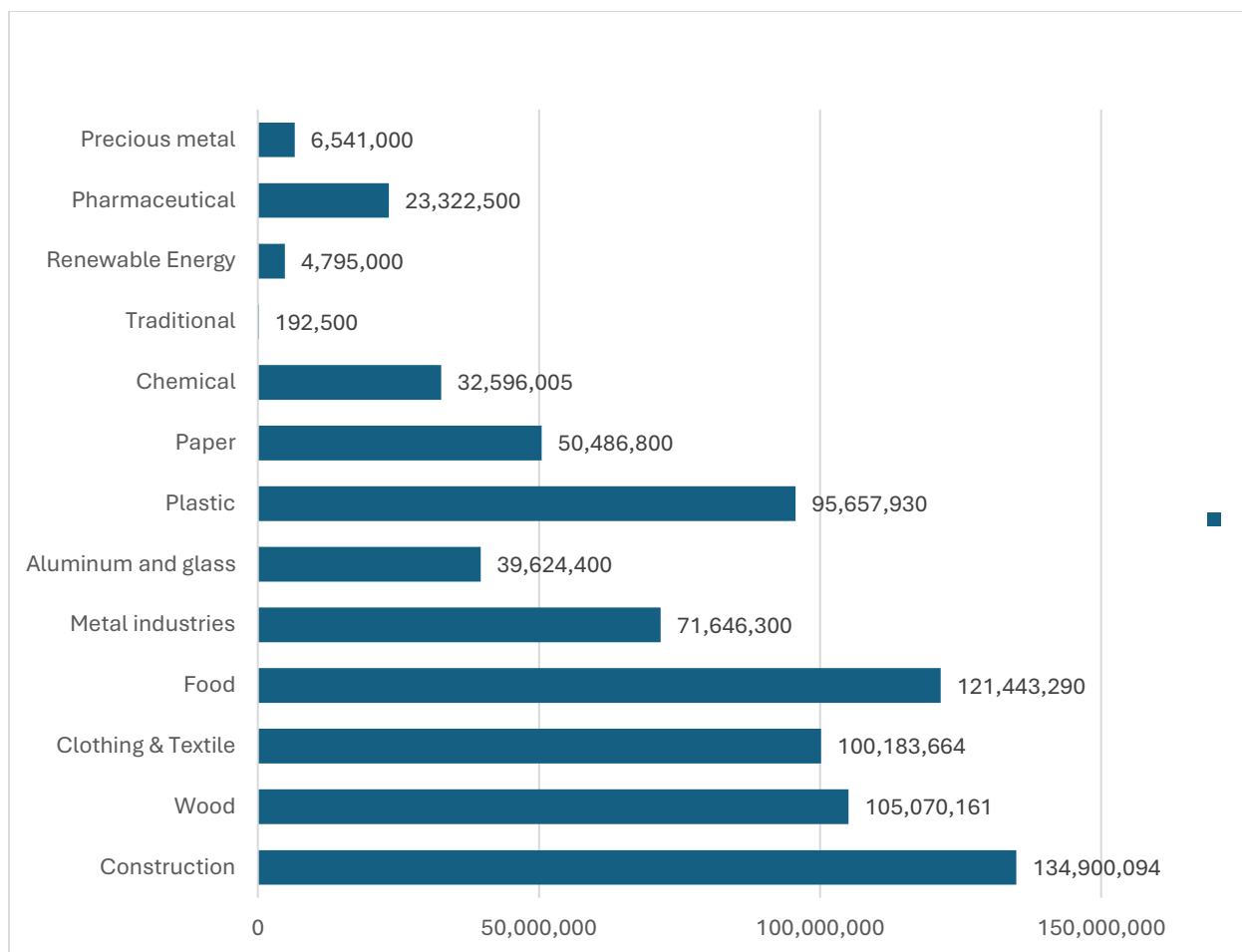
DISTRIBUTION OF SURVEYED ENTERPRISES ACCORDING TO LEVEL OF DAMAGE

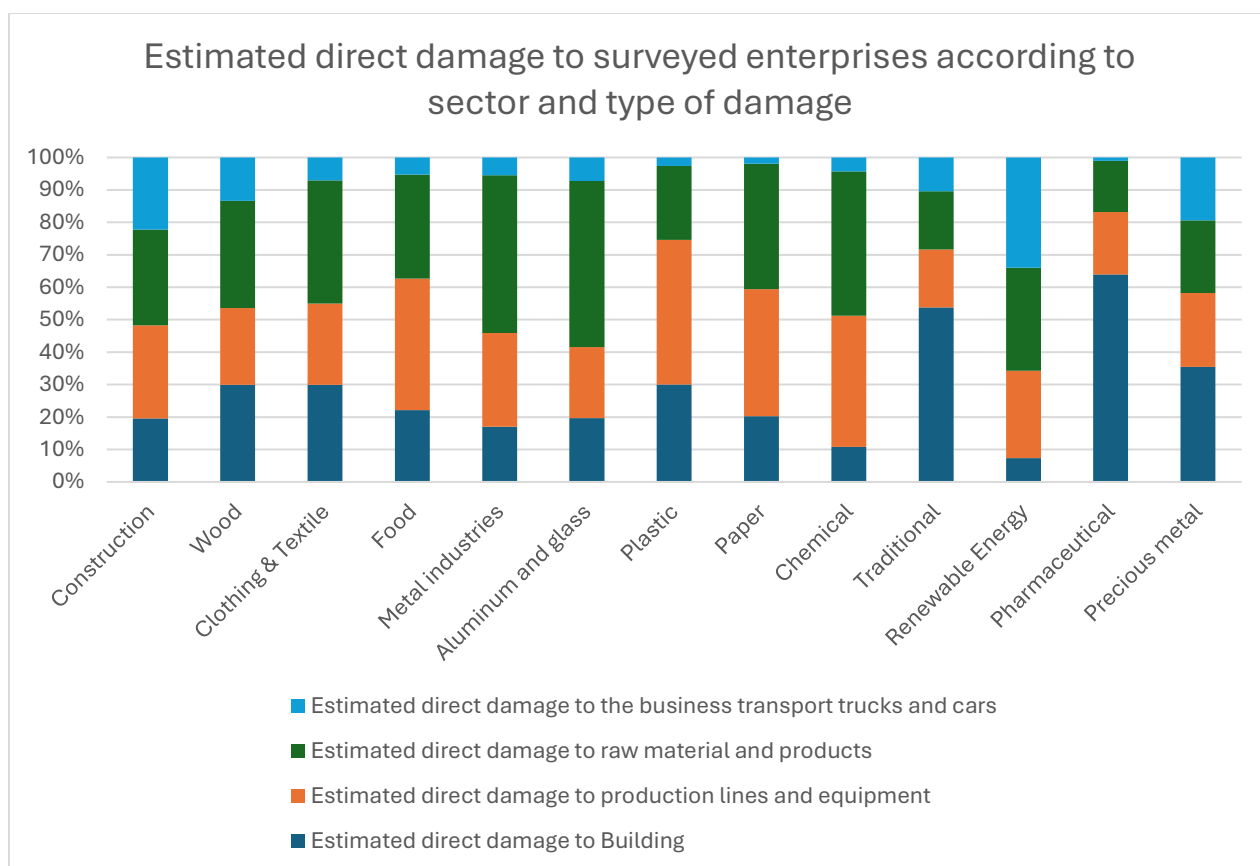


For detailed results of the survey at the sub-sectoral level, please refer to PFI.



**Once a ceasefire is achieved, it will be highly challenging for producers to resume operations across the different subsectors as they suffered significant damage to production infrastructure, including machinery, raw materials, products, and also vehicles. The estimated direct damage to the surveyed industrial enterprises conducted by PFI is \$786,459,644.**





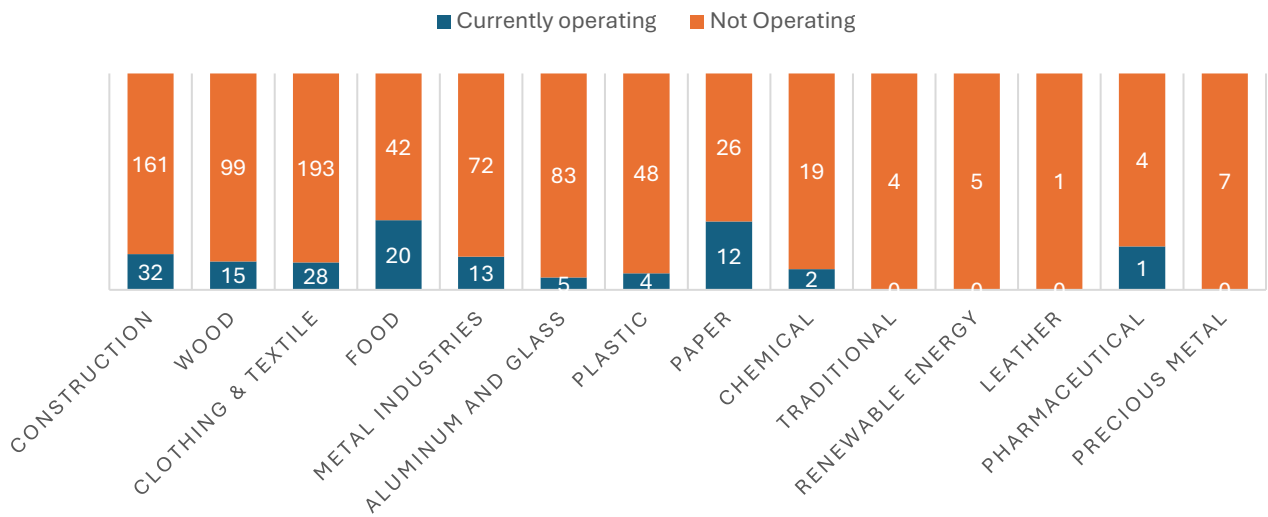
**Currently, approximately 85% of surveyed manufacturing businesses have halted their operations.**

Survey findings and consultations with enterprises reveal that this is mainly due to damage to infrastructure and equipment, lack of or damage to raw materials and production resources (including energy), increasing production costs and financial difficulties, as well as the displacement of business owners and workers. These findings are almost consistent across various subsectors.

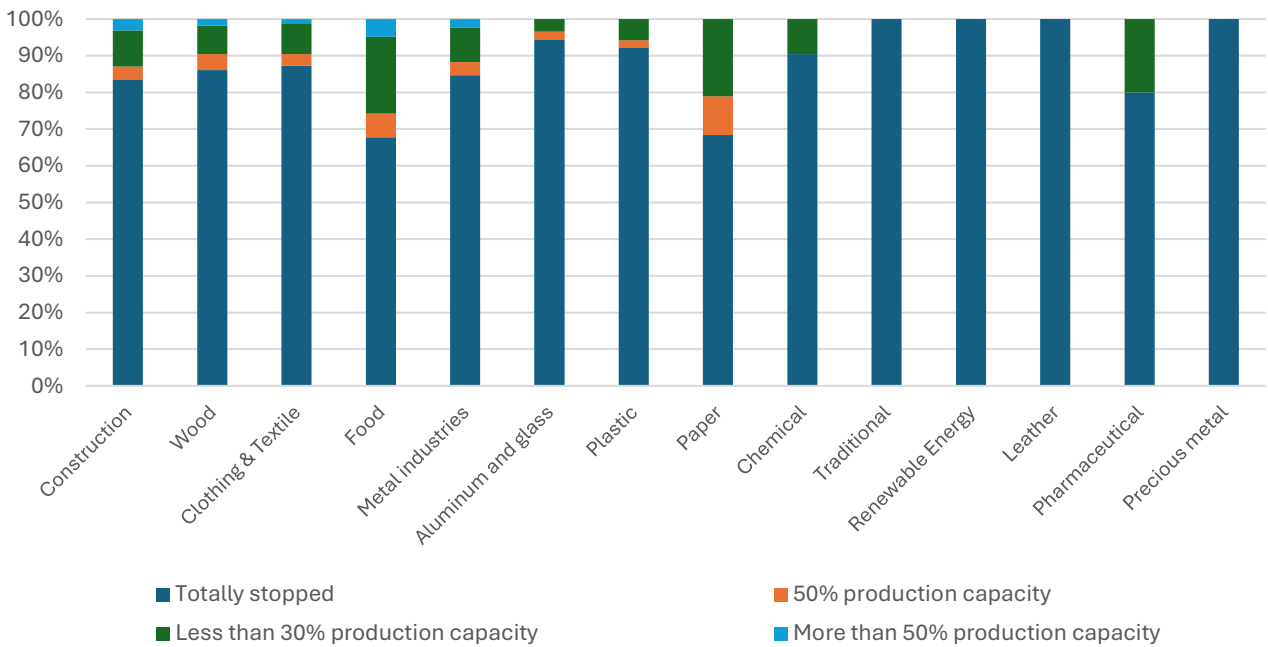
**However, a few businesses are still conducting limited production activities, indicating potential for recovery despite adversities.**

Compared to other subsectors, the food and paper industries report a relatively higher operational rate, with around 30% of enterprises in these sectors reporting their businesses being operational. Most of the enterprises currently operating are in the main sectors: **construction, textile, food, and wood**, followed by the **metal and paper** industries, albeit at a low production capacity.

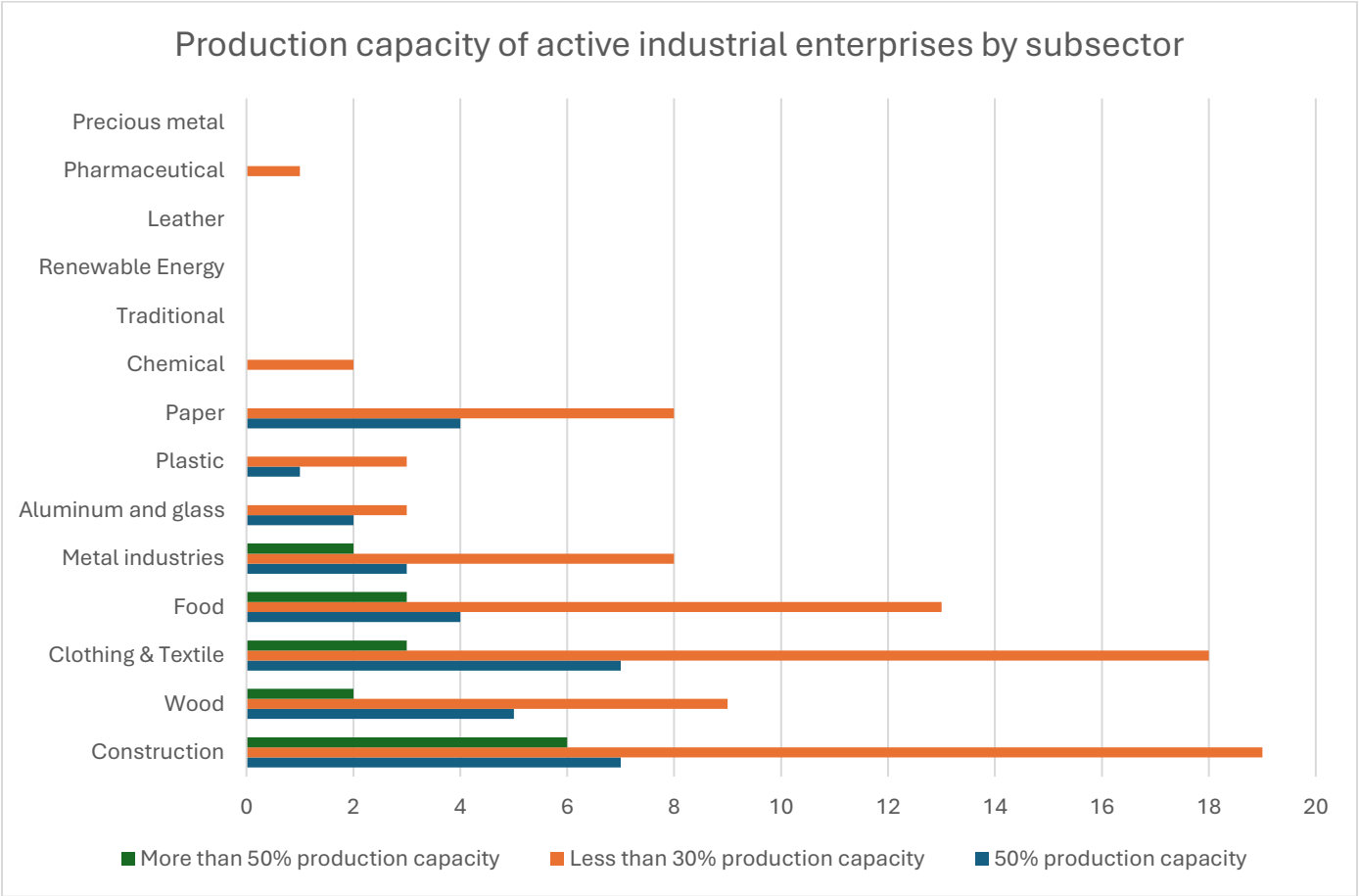
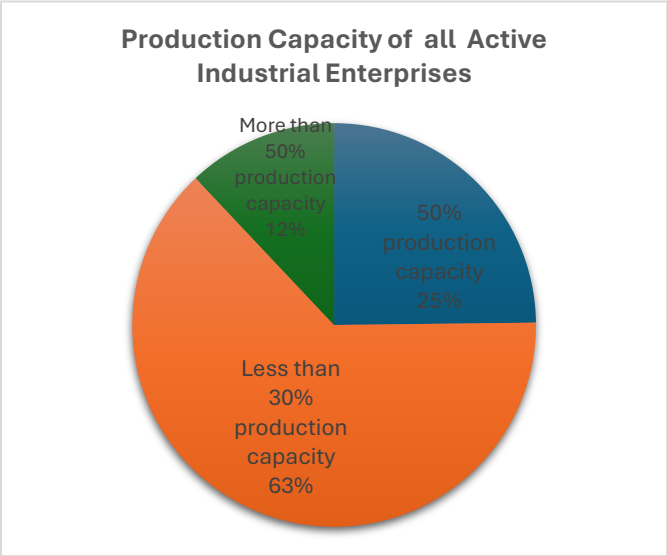
## OPERATIONAL STATUS OF SURVEYED ENTERPRISES BY SUBSECTOR



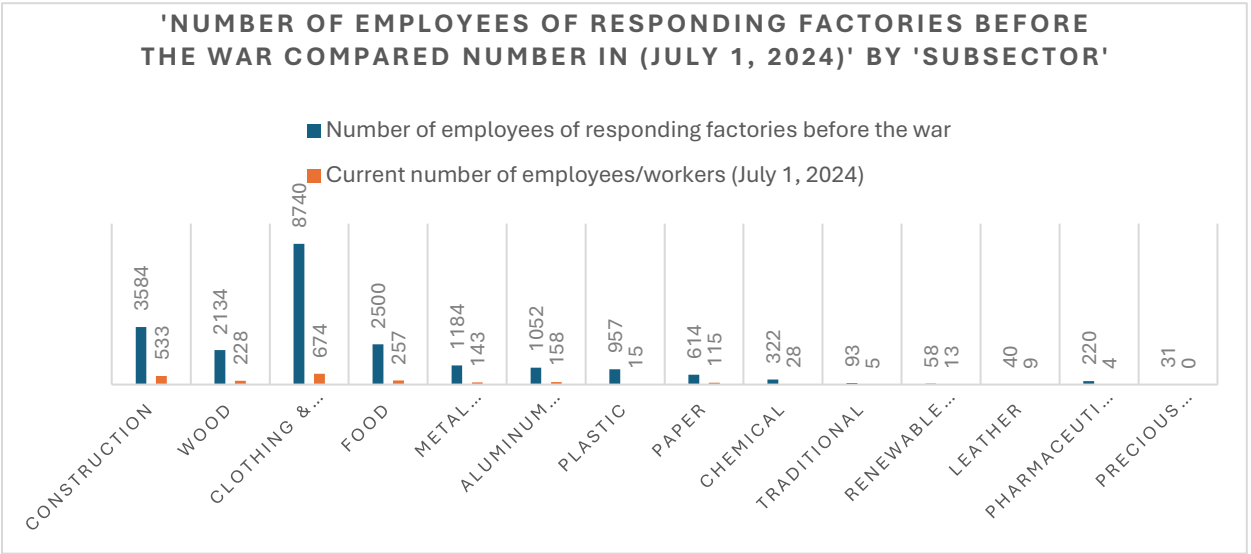
## Production Status by Subsector



Of the active enterprises, close to **63% operate at capacities below 30%**, while only a few enterprises in the construction, food, and clothing sectors operating at 50% or above.

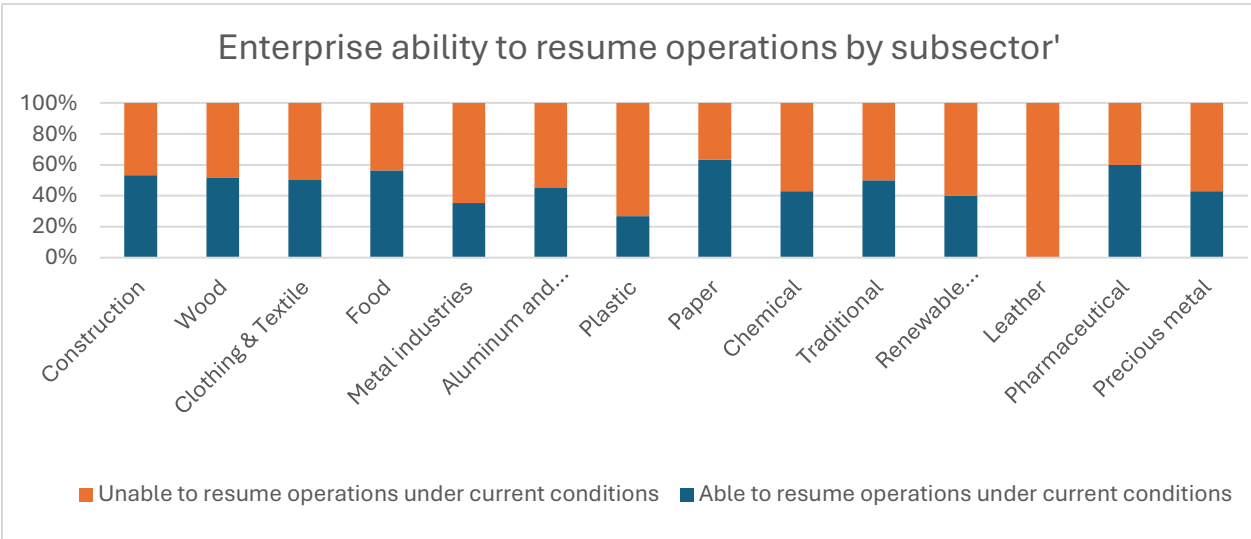


The active businesses reporting a 90% reduction in employment opportunities is a troubling sign for livelihoods, employment and economic recovery. This decline not only affects the workforce but also could lead to a loss of valuable skills, hindering the sector's recovery and long-term development. Urgent measures are needed to address this issue.



The 132 active enterprises surveyed by PFI currently employ a mere fraction of their pre-war workforce, with the number of employees dwindling drastically from 21,529 to 2,182. They are primarily employed in the construction, clothing, food processing, wood, metal, and paper industries to help fulfill the population's needs.

**There is potential to support the industrial sector's resumption of operations**, with around half (51.4%) stating that their enterprises would be able to operate under persisting conditions once a ceasefire is achieved. Most of these are concentrated in the construction, food, wood/furniture, and textile industries. Around 30% of the surveyed establishments indicated that they would be able to resume operations and can do so at their original site, and 57.5% of the establishments still have reliable equipment or machines





***This time, it's different...but not impossible.***

Miraj Company was founded in 1989 in North Gaza. It specializes in manufacturing clothing, including school uniforms, denim products, embroidery prints, and women's apparel. To reduce risks from past wars and escalations of hostilities, the company's different production lines and warehouses are located in various places. It has four points of sale in the Gaza Strip and around 100 employees.

Historically, prior to the current war, the company successfully marketed its diverse product range not only in the Gaza Strip, the West Bank, and Israel, but also harbored ambitions of venturing into additional international markets. The company's operations have faced a complete standstill as a consequence of the ongoing war.

The company owner and his family have been forcibly displaced in Deir Balah, and their house and properties, including personal cars, were destroyed. One production line was burnt entirely, including all sewing machines, despite other partially impacted locations being reparable, and two storage facilities encompassing roughly 500 square meters, housing both raw materials and finished goods, suffered irreversible damage. Consequently, an estimated 120,000 meters of cloth were lost. The company further endured losses as an Israeli tank crushed one vehicle, with an additional four cars targeted. Power sources, including 46 solar panels, were also stolen.

In addition to physical losses due to damage and halting of its operations, the company is facing financial struggles. Many checks from the market bounced, including by trading counterparts who were killed during the war. Some Israeli companies also froze their checks. Tragically also, four of the company's employees lost their lives.

Amidst the adversities, Miraj Company has salvaged a portion of its industrial machinery and equipment and is prepared to restart. With support in securing necessary raw materials and energy sources, it aims to focus on the Gaza market first. With these conditions in place, the owner estimates that the company can restore 25% to 30% of its production capacity.



*Damages to facilities and equipment at Miraj Company*

## 6. Insights on the Movement of Goods into the Gaza Strip and Market Dynamics

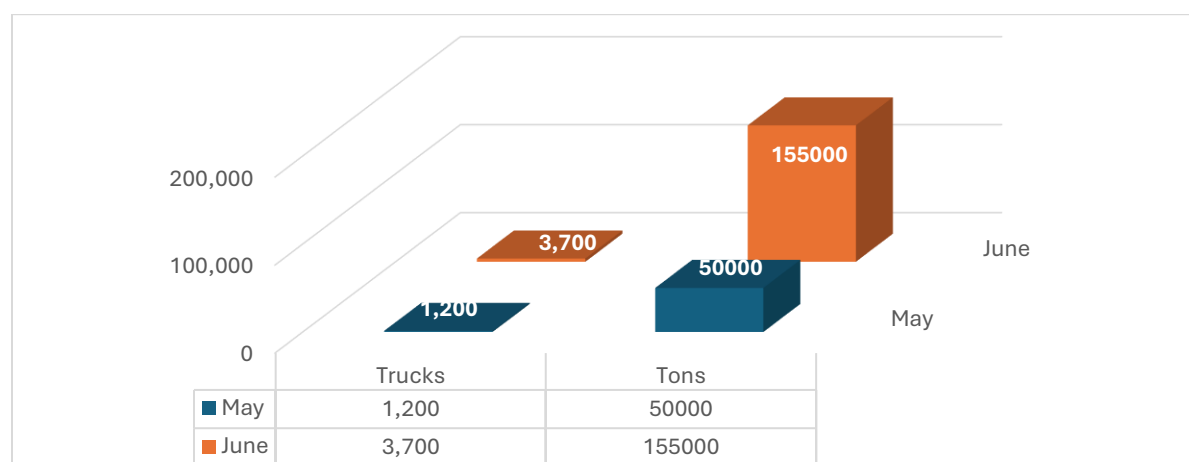
The below insights were gathered from consulted traders and the private sector during the period of June and July 2024.

Only a few vetted importers and traders are permitted to import certain types of food items from the West Bank through the Karm Abu Salem crossing.

Following the closure of the Rafah crossing in May 2024, an estimated 100 private-sector traders have been allowed to **import only specific food items** from the West Bank. Only a handful of these traders import around 80% of the goods entering the Gaza Strip.

Goods are gathered in Hebron and transferred to Tarqumia, then to Karm Abu Salem, the only crossing used for commercial purposes in the South, and finally to their destination inside Gaza.

During May and June 2024, surveyed traders imported around 205,000 tonnes through 4,900 truckloads (32 pallets).



With regards to managing the entry of goods into the Gaza Strip, there is no coordination between Israeli authorities do and Palestinian entities. . Restrictions on the entry of goods cause major issues with the availability of priority food items, price distortions, and lack of enforcement mechanisms for quality control over commodities being introduced into the Gaza Strip.

The Israeli Coordination Liaison Administration (CLA), also known as "Mitak," designated a WhatsApp number for Gaza traders to request coordination for the entry of goods directly. The lack of coordination with Palestinian entities, including the border association and economic bodies such as the Ministry of Economy and Chambers of Commerce, means a **lack of any control on the quantity and variety of entering goods**, resulting in a **lack of prioritization and price deformation** – with some goods becoming scarce and commanding exorbitant prices. In contrast, others saturate the market and are sold well below their actual value. Moreover, the absence of any quality control for incoming goods, such as checking expiry dates, assessing suitability for consumption, and detecting spoilage, further exacerbates concerns over the quality and safety of imported goods.

**Significant restrictions exist on importing goods to the Gaza Strip. The import of crucial fast-moving consumer goods, including essential goods for cleaning and health protection to help fill the gap in the population's basic needs, is banned.**

Food imports are **limited to specific food categories**. Imported items include certain types of fruits and vegetables, frozen food, spices, sugar, coffee, and bottled water. Traders report that items such as juices, single-flavored milk, and confectionary products are also banned. The importation of **other essential goods** - such as medicines, clothing, cleaning materials, health protection materials, packaging, plastics, and kitchen utensils - **is prohibited**.

While importing has improved the availability of some products that were absent from the market, this does not apply to all geographic areas, especially considering that the movement of private-sector goods to northern parts of Wadi Gaza (Gaza and North Gaza) has not been permitted for over two months.

**Importing cold and frozen products is severely constrained by damage to the cold chain infrastructure and scarce power resources, amidst heightened risks in coordinating their timely entry into the Gaza Strip.**

Most traders tend to avoid importing frozen or cold products, like frozen foods, meat, and dairy items, into the Gaza Strip. Aside from the risks associated with unpredictable border conditions, irregular crossing openings, and complex coordination for entry of goods, there is a severe lack in the cold chain capacity due to damaged infrastructure and scarcity of Photovoltaic (PV)-powered cold storage and cooling vehicles. Even when PV power is available, its intermittent nature leads to a detrimental freeze-thaw cycle that can compromise the quality and safety of frozen products. Consequently, even aid organizations often opt to distribute less perishable canned foods over fresh or cold products.

**The import of essential resources required for economic activities is not allowed.**

Israeli authorities prohibit the importation of vital resources necessary for the operations of various market players and for (re)initiating industrial and agricultural production. These include fuel, raw materials, machinery, equipment parts, industrial oils, and packaging materials. Despite such severe constraints, approximately 30% of the agricultural sector is still operational, playing a vital role in food security. However, the import of fodder, seedlings, irrigation equipment, packaging materials, and veterinary medicines is also prohibited.

**Traders report challenges with the coordination mechanism. Unofficial substitutes for necessary coordination come at a high cost, exposing traders to extortion and contributing to increased transportation expenses.**

Most of the surveyed traders reported having had damage to their goods during the importing process, with over half experiencing long holds by Israeli authorities.

#### TRADERS WHO WERE SUBJECTED TO EXTORTION BY CARRIERS



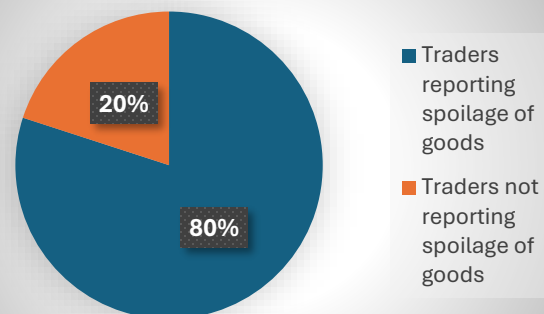
Importers cite very slow and often complete lack of responsiveness to their WhatsApp coordination requests. Amidst a lack of storage capacity due to damage or high rental costs and a lack of energy sources, some traders opt to communicate directly with truck carriers from Israel to coordinate and deliver their goods faster. Costs associated with this 'informal process' vary according to the type of product and its origin, ranging from NIS 10,000 to NIS 15,000 per truckload and reaching a staggering NIS 60,000 in some incidents. This situation leaves them

vulnerable to extortion to facilitate entry of goods. Vagueness concerning the process is also worrisome, as traders are not given explanations for rejecting applications.

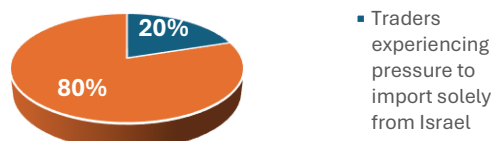
**The holding of imports at Israeli ports heavily impacted traders. While still permitted to some extent, sourcing and importing from external markets has become more complex, costly, and risky.**

The few traders importing from abroad can only import to the West Bank as the destination market, and then arrange for entry to the Gaza Strip. Import containers can get stuck (as they have) at Israeli ports, increasing the costs associated with storage at the West Bank until coordination is secured. Importing through the West Bank also has a price tag of 17% for the West Bank intermediary trader to cover the VAT associated with this process.

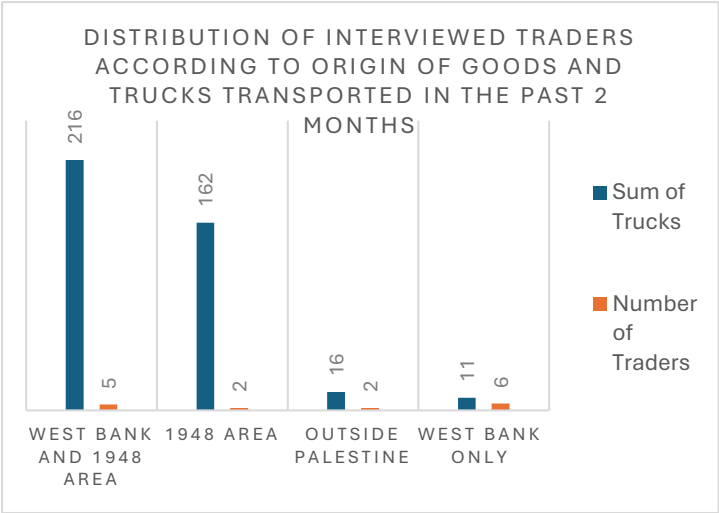
**Prior to the war, internal trade with the West Bank accounted for around 30- 40% of the Gaza Strip's trade. However, some traders now find it riskier and more complex, with some being pressured to source their goods from Israel to mitigate the coordination complexities associated with sourcing from the West Bank.**



#### Traders who report they faced pressure to import solely from Israel

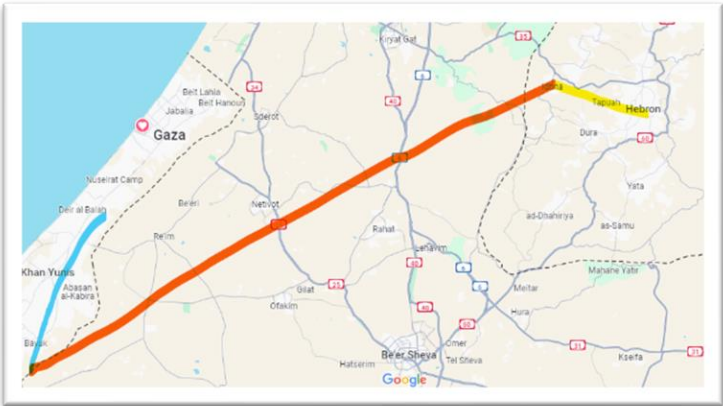


Around 40% of surveyed traders (6) report sourcing their products solely from the West Bank, whereas 33% (5) source it from both the West Bank and Israel, and the remaining source only from Israel or external markets. While most surveyed traders report being allowed to import from the West Bank, they cite increased risks and complexities, and some experience long waits at West Bank crossings, such as Tarqumia and Sha'ar Ephraim, respectively. Others also report concerns about the West Bank's willingness to take risks associated with the process, as well as its capacity to meet the growing demand amidst the ongoing war. It is worth noting, however, that these concerns also vary according to product type and market dynamics, which are changing rapidly.



**The war has significantly increased transportation costs.** The average cost to transport one truckload (32 pallets) increased from NIS 1,800 pre-war to NIS 19,200.

The surge in fuel prices due to reduced supply, as well as unsafe road conditions stemming from settler attacks, instances of truck burnings, and physical assaults on drivers, have exacerbated the risks associated with transportation. Furthermore, the breakdown of law and order in the Gaza Strip has necessitated that traders pay for security measures to safeguard their goods from theft, resulting in an additional average cost of approximately NIS 8,000 per truckload. Consequently, the collective expenses for transportation and security have surged to an average of NIS 27,000 per truckload for surveyed traders. Moreover, traders explain that the escalating maintenance costs of trucks due to poor road conditions and lack of spare parts have further contributed to the overall increase in expenses.



Cost	Transport Stage
NIS 1,200	From Hebron to Tarqumia
NIS 8,000	From Tarqumia to Kerem Shalom
NIS 10,000	From Kerem Shalom to Warehouses in the Gaza Strip

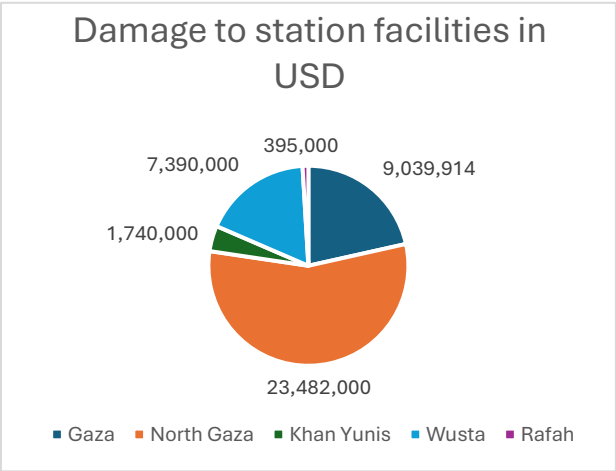
**The logistical functions crucial for warehousing and distribution have undergone significant disruptions, that have profound effects on market operations and lead to increased costs.**

Traders and drivers are facing constrained storage capacities primarily caused by infrastructure damages within warehousing facilities and exacerbating challenges due to insufficient energy supply

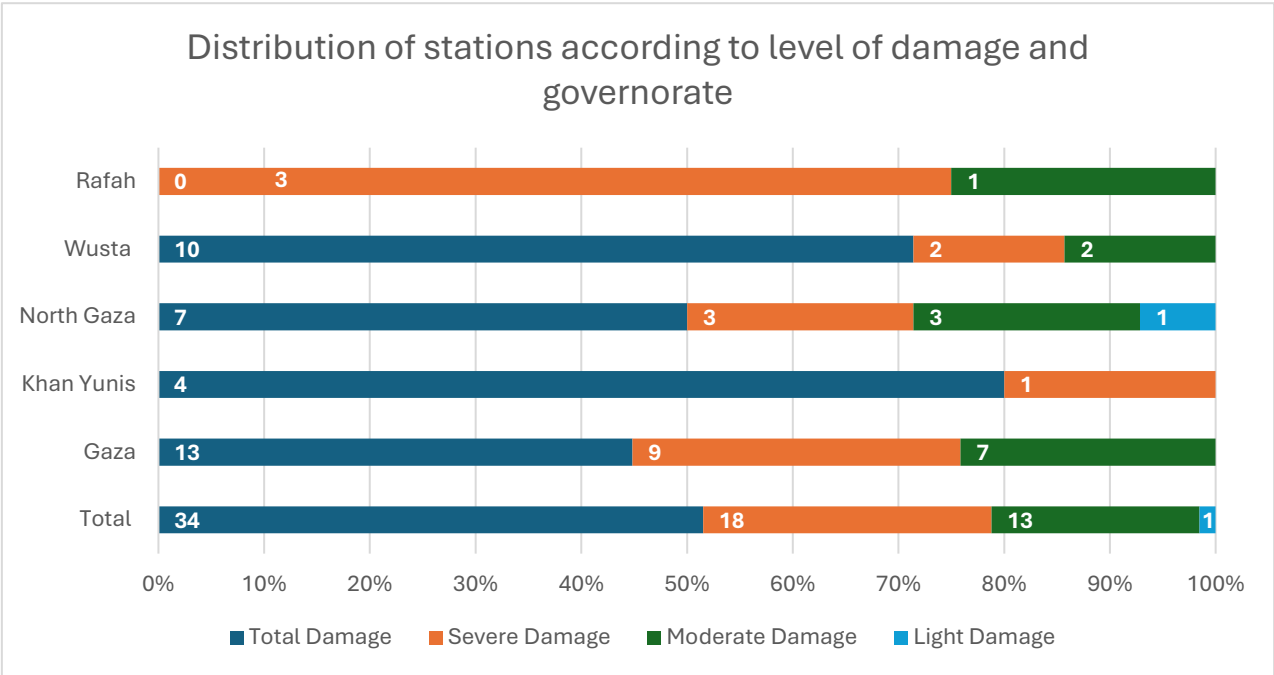
and elevated protection expenses. Warehouse costs, which encompass rental fees and security expenses, range between NIS 5000 and NIS 10,000 per month, further straining the financial margins of the trade business and affecting the availability of products in the market and price fluctuations.

While no private sector goods are allowed entry to Gaza city and North Gaza, the internal transportation movement of aid goods is also challenged at the Netzarim checkpoint that Israel has established.

**Disruptions in support functions and the enabling environment are seriously altering the way Gaza's markets function, creating adverse conditions for the private sector functioning and population access to goods.**



**The current energy crisis, caused by extensive damage to electricity infrastructure and heavy restrictions imposed on the entry of fuel and gas into the Gaza Strip, is further compounded by the severe damage to the sector's infrastructure and operational capacity.**



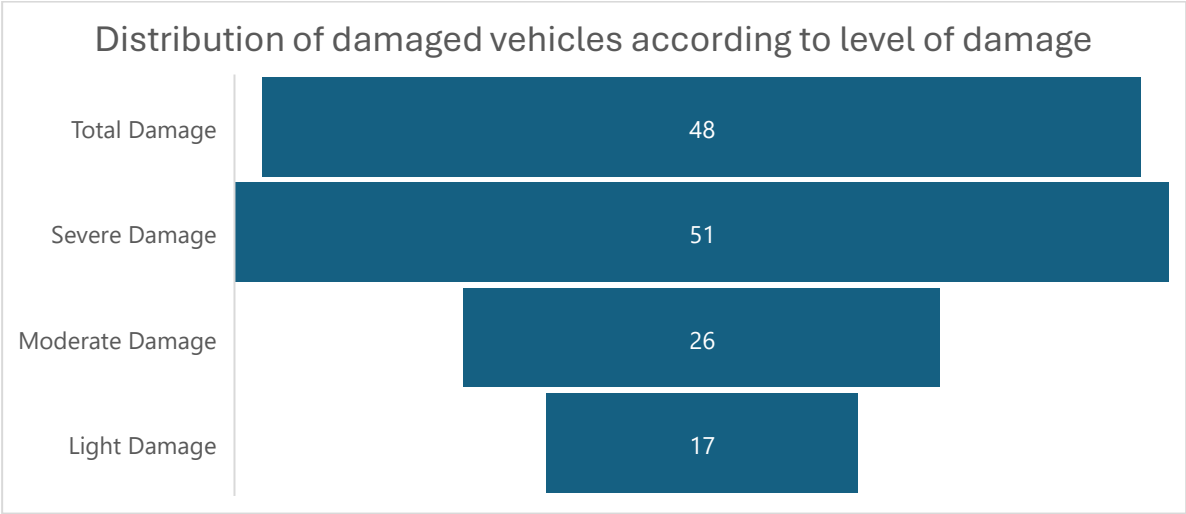
**Around four out of five surveyed stations reported total or severe damage to their facilities.** The damage is particularly severe in the Wusta (Middle Area), Rafah, and Khan Yunis governorates in the South.

**The initial estimated direct damage of the 66 surveyed fuel and gas stations in the different governorates, as gathered by FPCCIA, is around 42 million dollars (\$42,046,914).**

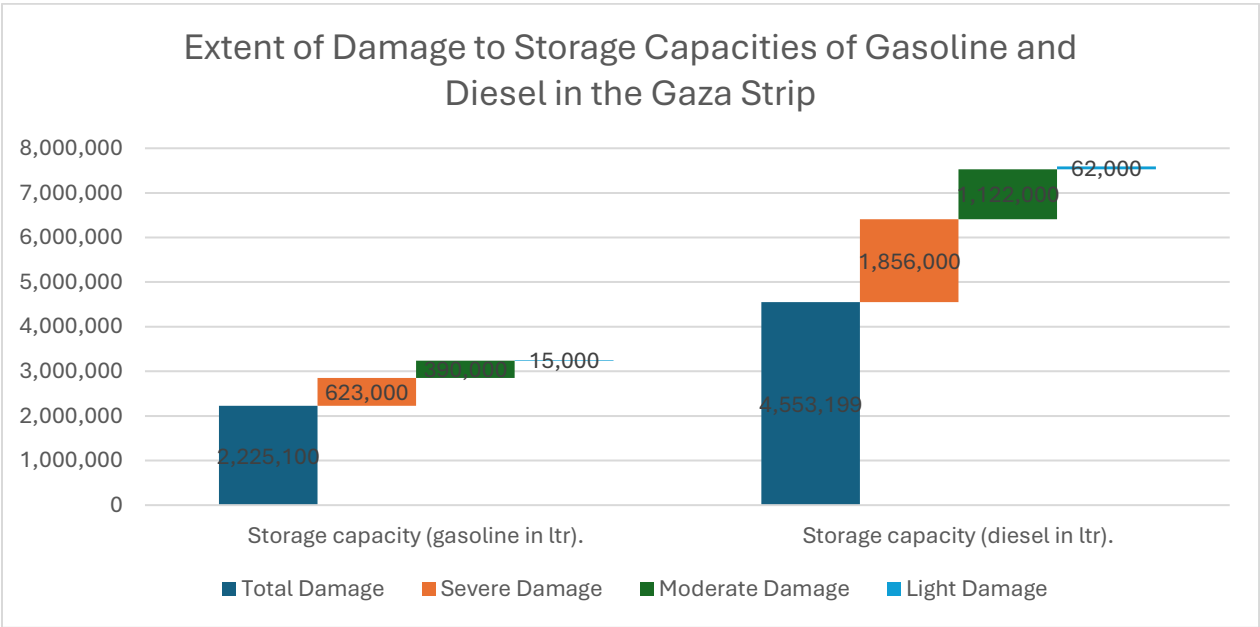


Nearly 90% of the fuel and gas stations' fleet sustained damage, making it even more difficult to reach and assist affected populations and meet the needs of the private sector and the broader economy.

As of August 4, 2024, around 62% of fuel transportation trucks sustained either total or severe damage, with preliminary estimates on cost of damage amounting to over \$1,738,000.

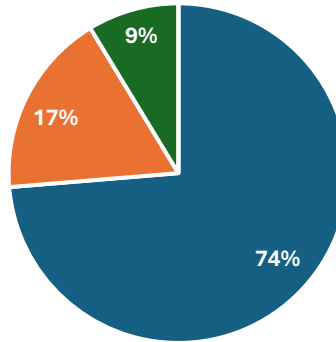


The damage to the stations has significantly reduced the storage capacity for gasoline, diesel, and cooking gas in the Gaza Strip. Approximately 87% of the gasoline storage capacity is in stations that were either totally damaged (68%) or severely damaged (19%). Likewise, around 84% of the diesel storage capacity is in stations that were either totally damaged (60%) or severely damaged (24%). The storage capacity for gas has also been heavily affected, with approximately 91% of gas storage capacity in stations that were either totally (74%) or severely damaged (17%).



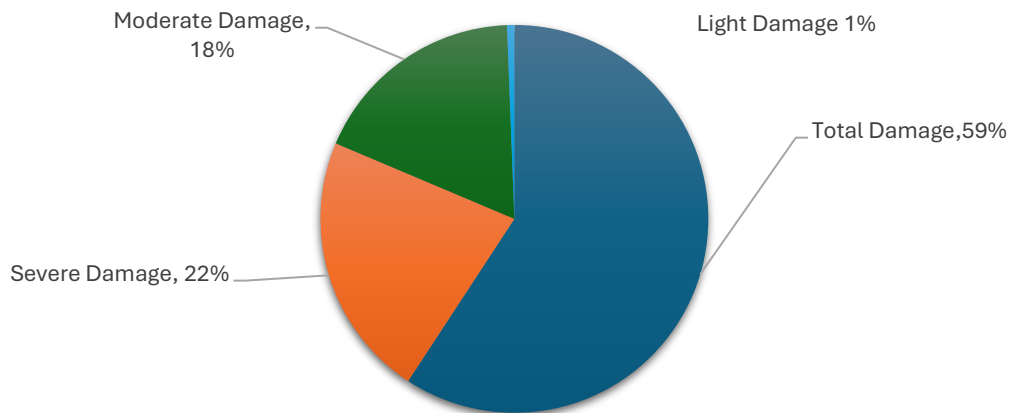
### Extent of damage to storage capacity of cooking gas

■ Total Damage ■ Severe Damage ■ Moderate Damage ■ Light Damage



**Damage to the sector has significantly impacted its workforce. Approximately 81% of 1,143 employees (including drivers, technicians, administration, and workers) were employed in stations that were either totally damaged (59%) or severely damaged (22%).**

### Percentage workers employed at surveyed stations according its level of damage



**The war has also led to a severe shortage of cash and has created significant financial challenges in market dealing.**

The war has caused a significant cash liquidity crisis, accompanied by the closing of all 56 bank branches that used to operate in Gaza. This was mainly due to damage to banking infrastructure, precarious security conditions, and the displacement of employees. The World Bank estimates that 86% of financial facilities have been damaged or destroyed.<sup>6</sup> According to the Palestinian Monetary

<sup>6</sup> The World Bank Gaza Damage Assessment Monthly Report. June 2024 – 10th Edition

Authority (PMA), as of August 14, 2024, only two of the 93 ATMs were operating, and only in Deir Al Balah. The lack of cash has resulted in a rise in informal "cash selling," with some individuals charging a fee of 10% to 20% for providing cash. Street vendors only deal with decayed old cash in circulation.

Banks have started using digital banking and e-payment solutions, but these are not enough to meet the needs of the market and private sector. The PMA has introduced e-payment solutions for Payment Service Providers (PSPs) through the Bank of Palestine and Paltel. While digital solutions have facilitated financial transactions between the West Bank and Gaza, and within Gaza, they are not sufficient for financial dealing amongst different market actors and consumers and amidst the suspended cash deposits at banks. Additionally, online payment methods are severely lacking in Gaza and North Gaza governorates.

The private sector is facing extreme financial difficulties in meeting its operational and financial requirements, including retaining employees. It continues to lack almost all financial services, including loans. Most private sector representatives voiced issues with the adequacy of financial services in meeting their financial needs and supporting their financial dealings. Financial services for businesspeople who have moved to Egypt are also lacking. Importing from Egypt prior to the closing of Rafah crossing has also drained private sector cash reserves, because transactions were conducted mainly in cash and USD.

**The war led to a significant disruption in market structure and governance, which negatively impacted both the private sector and consumers.**

The standards, regulations, and enforcement functions that were previously carried out by the public sector and Local Government Units (LGUs) have diminished in the market. This includes oversight related to health and safety, price monitoring, and other areas. Public services, such as licensing and registrations, have been seized.

The weakening or near absence of regulations and enforcement has resulted in an informal market, which has changed market norms and values. This has exacerbated power imbalances in the market and has allowed for harmful practices such as market dominance and stockpiling, which affect the availability of goods and lead to sharp price increases and fluctuations.

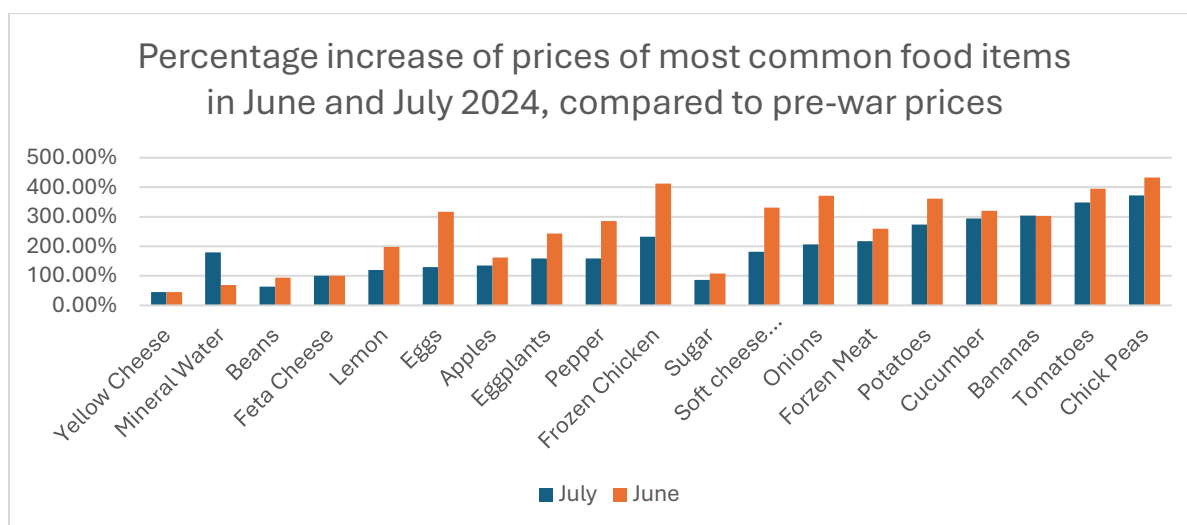
In addition, the market includes goods obtained through theft and aid-supplied items that recipients resell, like vegetable oil and frozen chicken wings. These items are often sold for lower prices than officially imported items. The impact of this on the market, as well as on humanitarian conditions, is not yet fully understood.

**Destruction of market infrastructure across the Gaza Strip is also negatively affecting the functioning of the market and market operations.**

In addition to critical infrastructure such as electricity, water, and telecommunications, the destruction of central markets hinders any efforts to introduce measures to help regulate the market.

**The ongoing war has caused significant disruptions in the supply chain and structural shocks to the market. This has led to substantial price hikes and fluctuations, further restricting the population's access to essential goods to fulfill their basic needs.**

During June and July 2024, FCPPIA's price monitoring shows price hikes ranging from 20% to a staggering 500% in some essential food products.



**The war has also had a significant impact on private sector organizations, such as FPCCIA and PFI, reducing their capacity to meet businesses' changing needs and much-needed coordination for proper functioning of the market.**

In addition to hardships caused by loss of lives and damage to offices and equipment, PFI and FCPPIA are faced with severe operational constraints.

**Of all general assembly members at the Chambers of Commerce**, around 25% were forced to leave the Gaza Strip, 51% were forced to be displaced to the South, and 24% were forced to evacuate their homes to nearby areas. **Their living conditions are also challenging:** 21% live in tented camps, 56% live in rented apartments, 21% live in other places with relatives, and 2% live in schools turned shelters.

Prior to the war, PFI had 23 employees but now only has 4, as most of the staff were laid off due to the suspension of projects. The 14 specialized member unions, which used to have between 2 and 5 employees each, now have only one staff member each. The PFI building, which used to have 5 floors and cover an area of 640 square meters, suffered damage during the war. The building is used to house industrial federations that offer services to approximately 5,000 member and non-member industrial establishments, as well as programs for young graduates and the Technical and Vocational Education and Training (TVET) sector.

Despite constrained operational capacity and loss of revenue from memberships, both organizations are still operating and providing some services by engaging with relevant actors to help address some of the challenges faced by the private sector. For instance, FPCCIA secured a 3-month rental for 141 Gazan containers released and transported to the West Bank. Services by the Chambers of Commerce were also reduced, currently limited to issuance of certificates and recommendation letters to embassies and passports issuance, as well as carrying out business consultations, resolving some disputes and helping businesses with containers stored in the West Bank to distribute them.

### Navigating Trade Challenges in the Gaza Strip

Mr (Omar\*\*\*<sup>7</sup>) has been operating a trading business in the Gaza Strip for over two decades. His company specializes in importing food products from various countries, such as Europe, Turkey, and India. With a fleet of 10 trucks and a team of 40 employees, including administrative staff, distributors, and drivers, his trading business covered the entire Gaza Strip. However, the current war have presented unprecedented challenges, testing the resilience and viability of his company.

When the entry of goods from the West Bank resumed, the company was among the first allowed to coordinate the entry of their goods as it had ready 'permitted' food items. The company also utilizes the WhatsApp number to coordinate movement through Karm Abu Salem.

**The company is operating within a very challenging environment, making Mr. Omar question the continued viability of his business.** At the onset of the war, the company had imported goods that were stuck at the Israeli port. Initially, it transferred the goods to Hebron and put them in storage. However, after waiting several months, the company had to sell parts of the products at a loss, around a quarter of its cost, according to Mr. Omar. The company faces complex financial challenges in terms of cash liquidity as it conducted all trading transactions with Egypt (when the Rafah crossing was still possible) and in cash USD. The company also received many returned checks from its trading counterparts, putting additional strain on the company's financial resources.

Increasing costs: The cost associated with transporting goods has increased tremendously. The company now pays 2000 NIS for transport to Hebron, 8000 NIS for moving it to Karm Abu Salem crossing, and 14,000 NIS for transporting it into the Gaza Strip.

Changing Import Process and Dynamics: To import or transfer the goods that he had imported from abroad to the Gaza Strip, Mr. Omar needed to change the import destination to the West Bank through an intermediary trader to whom he would have to reimburse the VAT tax, which added complexity and costs to the import process.

The ongoing war, fragile border and coordination conditions, market volatility, and financial constraints have introduced new costs, uncertainties, and risks in sourcing and delivering products. To cope with this, alongside very unpredictable market dynamics, the company distributes the merchandise almost on the same day to three traders in the Gaza Strip, who then sell it in their areas. Due to the lack of needed infrastructure, the company does not tend to work with perishable or cold products that require a cold chain.

While importing from the West Bank and electronic banking have helped ease the company's financial transactions, other financial services and needs remain, especially with the company owner now displaced outside the Gaza Strip.

The company now has six instead of 40 people on its payroll as a result of the reduction of its business.

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<sup>7</sup> \*\*\* For privacy protection, the name of the interviewee has been changed.

## 7. Recommendations

The ongoing war has been severely disrupting daily life and rendering the Gaza Strip unlivable, with massive loss of life, internal displacement and unprecedented destruction of infrastructure, which not only further worsen the already dire humanitarian crisis, but also has a profound impact on the private sector and local economy.

The critical situation in Gaza demands urgent action. The foremost priority is for an **immediate ceasefire** to save lives, address the severe humanitarian crisis, and mitigate the economic and environmental impact of the war, while allowing at-scale recovery efforts.

In this turbulent period, and despite facing immense challenges, the significance of bolstering the local private sector cannot be overstated. The private sector in Gaza exhibits remarkable resolve in resuming and sustaining economic operations and livelihoods.

The FPCCIA and PFI have independently developed recovery and development frameworks following consultations with stakeholders, including their member unions and sector stakeholders. Plans at the sub-sectoral levels are also available for further reference. The collaborative framework below reflects key recommended interventions to support MSME recovery and revitalization.

### Critical Interventions for Immediate Response and Early Recovery

**Pathway: 1. Support economic establishments in vital sectors in a post-war recovery setting to resume their operations and contribute to early recovery.**

1. **Rehabilitating the infrastructure of partially damaged enterprises**, active in crucial economic sectors and value chains, that are ready or capable of rapidly returning to work with some support. These include but are not limited to the following sectors.

a) **Industrial establishments:** Rehabilitating the infrastructure of partially damaged enterprises and enabling temporary industry relocation (barracks). Support can include rehabilitating infrastructure and enabling temporary relocation of workshops, such as carpentry, blacksmithing, metal, and aluminum. It is crucial to **prioritize five key industrial sub-sectors** in the immediate response phase.

- **Food industries** are essential for addressing market shortages and can provide vital products to the market, such as dairy and baked foods. Support to this sector will bolster support for humanitarian efforts in providing food parcels, help address the food security crisis, and is also essential for relevant value chains that integrate agriculture and commercial sectors.
- **The textile and clothing industries are vital** to enabling the supply of much-needed clothing and textiles, which are currently scarce in the market. This sector also effectively contributes to livelihoods restoration and employment.
- **Wood Industries** play a critical role in providing necessary products for the population post-war, such as assisting in the repair of damaged housing, producing caravans and temporary shelters, and making furniture for temporary hospitals and field hospitals.



- **The Construction Industries** will be instrumental in clearing and recycling rubble, leveraging existing expertise in this area.
- **The Aluminum Industry** is crucial for providing shelter and supporting the repair of residential units.

While the above are priority sectors in the immediate to short-term, it must also be mentioned that **all operating industrial sectors are essential** and require support. The **plastics sector** is not only vital for the reconstruction process but is also closely linked to the agricultural sector, as it provides all the tools for the irrigation process and extracting water from wells. **Chemical industries** are also vital to address hygiene, which is urgently needed.

- b) **Agriculture and fishing:** Rehabilitation and maintenance of agricultural wells, irrigation transmission lines and networks, and aquaculture.
  - c) **Services:** rehabilitating and/or enabling temporary relocation and support to partially damaged commercial facilities, including car maintenance, mobile phone maintenance, air conditioning, refrigeration, and others. Support to commerce and trade should include an assessment of **commercial commodities that are top priorities in Gaza** to provide informed insights on people's needs, using data from before October 7 as a baseline, along with the estimated number of monthly truckloads needed.
2. **Establish temporary economic hubs (joint),** namely commercial (retail) hubs, joint industrial service centers, crafts areas, business hubs and incubators, and IT hubs, to provide suitable environments for freelancers and technicians in various fields.
  3. **Enable and/or Advocate for access to production resources** to resume operations, including:
    1. Sufficient amounts of **fuel**,
    2. Support programs for **raw materials**,
    3. **Machinery**, and
    4. **Alternative energy** projects may include (solar energy systems - generators - and fuel).
    5. **Develop temporary supply chains** based on assessments.
  4. Provide urgent support to **farmers, fishermen, and animal breeders** to enhance their resilience through:
    1. Rehabilitating greenhouses and partially damaged hatcheries and poultry farms, while introducing hatching eggs in parallel.
    2. Supporting the maintenance and rehabilitation of fishing boats.
    3. Providing solar energy to operate pumps and water wells.
    4. Providing urgent support packages to farmers who are still working (incl. energy, fuel, agricultural inputs).
    5. Providing fishermen with operating inputs (boat engines, solar energy, nets, to name a few).
    6. Providing funding to support fish farming projects.
  5. Support projects that **recycle solid waste and recyclable debris**, for use in the reconstruction process.

6. Support planning for the rehabilitation and rebuilding of Gaza's 6 **Industrial zones** that were damaged.

#### **Pathway 2: Support stabilization and organization of markets.**

1. **Establish safe zones for trading** through supporting warehousing, cold storage, distribution, and other logistical support for the movement of goods.
2. Help establish temporary and **rehabilitate central markets**.
3. Support the **private sector in the West Bank** in increasing production and derisking their trade with Gaza, to help compensate for the loss of output therein (dairy production, poultry, cloths and footwear, animal fodder, detergents, kitchenware, etc.).
4. Address **logistical constraints** by supporting and **rehabilitating the commercial transport** sector, which may include providing spare parts for trucks and introducing new trucks to replace destroyed ones, as well as cranes, fuel, and mineral oils.
5. **Increase fuel and gas storage and distribution** by rehabilitating partially damaged gas and fuel stations, maintaining damaged transport vehicles, and working on introducing new vehicles.

#### **Pathway 3: Stabilize and restore the enabling environment for economic recovery, create a favorable business environment, and encourage private-sector investment.**

1. **Support MSMEs' access to cash liquidity and operational working capital** through grants, relief funds, and other cash liquidity support programs, including through banking institutions.
2. **Revive private sector organizations by supporting (PFI and FCPPIA) in restoring their capacities** to effectively participate in the coordination of economic recovery efforts and development of the private sector. Support should also include electricity/solar energy units, internet connectivity, laptops, printers, and salary subsidies.
3. Expand the support provided through the **Emergency MSMEs Helpdesks**, established with UNDP/PAPP's support under the National Helpdesk Scheme "Monshati", for comprehensive, coherent, and coordinated support and recovery packages.
4. Enhance the capacity of the Chambers of Commerce **Arbitration Center** to resolve commercial disputes, in accordance with the Palestinian Arbitration Law.

#### **Pathway 4: Support decent employment opportunities to restore private sector capacities and address the dire and emerging domestic needs.**

1. Support the early recovery of the private sector through **wage subsidies**, especially for laid-off labor, and through **cash-for-work programmes**.
2. Restore **technical and vocational training (TVET)** capacities to provide skilling in market-driven fields contributing to early recovery and post-war reconstruction efforts.

3. Capacity building for **workers and technicians in the private sector**, especially in the **construction, boat manufacturing, and maintenance sectors**, due to their central role in the early recovery and post-war reconstruction efforts.
4. **Skilled labor employment** programmes in enterprises capable of resuming their operations.

### Strategic Longer-Term Interventions

**Pathway: 1. Support economic establishments in vital sectors in a post-war recovery setting to resume their operations and contribute to the economic recovery and development.**

1. Rehabilitation and **rebuilding of the damaged industrial zones**.
2. Establishment of **trading zones** near the crossings.
3. Support establishing and developing **economic clusters**, based on assessments.

**Pathway 2: Support stabilization and organization of markets.**

1. Reconstruction of **enabling infrastructure** and facilities, including energy, roads, water, telecommunications infrastructure, fuel, and gas stations.
2. Given the new reality, improve and streamline the current **financial solutions** to better cater to the various trade and financial dealing needs of MSMEs in the market.

**Pathway 3: Promote an enabling environment for economic recovery, create a favorable business environment, and encourage private-sector investment.**

1. Address financial constraints by resuming banking services, introducing an **industry recovery fund** with leading development banks, and introducing other **financial support schemes for MSMEs**, such as zero-interest loans, credit guarantee schemes, and risk-sharing mechanisms to support economic establishments, including those that were totally damaged,
2. Strengthening the **capacity of private sector representative organizations**, including PFI and FCPPIA, and their member unions and federations.
3. Support the development of **international electronic purchasing/international clearing programs** to support enterprises' access to finance.
4. Develop municipal and investment regulations, including those pertaining to restoring oversight functions related to health, safety, and price monitoring.
5. Provide a 5-year tax exemption in line with the timeline included in the industrial sector's recovery and rebuilding strategy.
6. Strengthen **regional and Arab cooperation** and support a **national strategy to promote trade and industrial cooperation** across the country's governorates.

**Pathway 4: Support decent employment opportunities contributing to economic and private sector recovery and growth, through labor skilling, re-skilling, and up-skilling programs.**

1. **Skills assessment and gap analysis:** Conduct a skills audit and labor market analysis to identify market-relevant skills to be prioritized.
2. **Curriculum development and alignment:** tailor training programs to business and industry needs and incorporate soft skills training.
3. **Public Private Partnerships (PPPs)** through collaborating with industry stakeholders and support of internship programs.
4. **Support equitable access** to skilling opportunities, by ensuring inclusion of marginalized groups and providing financial support to trainees.
5. **Digital and E-learning platforms**, including investing in digital training and lifelong learning.
6. **Entrepreneurship and innovation programs** supporting startups and MSMEs, as well as innovation hubs and incubators.
7. **Employment matching and job placement services**, including by supporting job portals, career guidance, and job placement programs.

### **Advocacy**

1. Advocate to increase MSMEs' access to essential and commercial commodities, including:
  - Widening the **base of importers and distributors/retailers** within the Gaza Strip.
  - **Expanding items** of essential commodities to include medicines, spare parts, hygiene materials, solar panels, etc.
  - **Importing agricultural and animal production resources** to the Gaza Strip.
  - Ensuring **comprehensive geographic coverage in the movement of goods** across the Gaza Strip, including northern Gaza.
  - Supporting **sufficient access to crossing points**, e.g., Karm Abu Salem, Karni, Erez, and other possible points.
  - Helping Gaza's private sector **bring** in their containers/**goods stored in the West Bank**.
  - Ensuring prevention and protection from **settler attacks** on tracks transporting goods to the Gaza Strip.
2. Lobbying for the establishment of a mechanism to indicate **safe trading zones** with relevant authorities.
3. Advocate to facilitate **importing procedures** for raw materials and equipment and other essential production resources.