

Project Proposal

Need for the Project

a. Conditions in Gaza

The economic condition of Palestinians in the Gaza Strip is dire, with a per capita income estimated to have sunk to less than \$600/year, with unemployment near 42% and youth unemployment even higher.²⁹ More than 30,000 workers from Gaza have lost their jobs in Israel since 2000, with an additional 4,900 workers with jobs in the Erez Industrial Zone being only intermittently employed – and soon to be mostly out of work due to the planned closure of Erez.³⁰ Average daily wages in Gaza have held steady at about 55 NI Shekels (about \$11.62) or only about 75% of those earned in the West Bank and 30% of those earned by Israeli workers. At the same time, consumer prices increased by nearly 6% during the last 2 years, reducing standards of living even further.³¹

According to World Bank estimates, even if Israel's disengagement is accompanied by such developments as the lifting of internal closures in the West Bank, the opening of all external borders, and an infusion of US \$1.5 billion from donors over 2004-2006, *the official poverty rate in Gaza will still be an unacceptable 53%.*³²

The most urgent need, based on interviews with local inhabitants conducted by the Palestinian Ministry of Planning and International Cooperation (MOPIC) in cooperation with the Palestinian offices of the UNDP, is for the establishment of reliable employment opportunities and vocational training for residents of the Gaza Strip; employment which is not subject to political and/or security problems, and which generates adequate income. For example, according to the Palestinian Participatory Poverty Assessment (PPPA) Project Report on Rafah District published in March 2002: "Through case studies conducted in the District, it was evident that lack of a job opportunity with consistent income for a family member, especially the father, for any reason . . . is what prevents the family from escaping their severe poverty. But in case a family member finds a job, all problems are suddenly resolved and the family starts to think of and plan for a better future that they have wished for since long time, while being unable to provide for their daily livelihood."³³

Based on interviews – conducted in accordance with accepted social science research methods by the MOPIC in cooperation with the UNDP Palestinian office: “Main recommendations proposed by the poor [of the Rafah District] include: activating the role of NGOs, especially in providing vocational training for farmers, women and youth; supporting small income-generating projects; improving infrastructure services, particularly sewage network . . . constructing a desalination plant;” and requests for transportation links and equal treatment by local authorities.³⁴ Similar priorities are placed on training, job opportunities, and basic infrastructure improvements in other political districts in Gaza, including Khan Younis.³⁵

The need for sustainable job opportunities for Palestinians is likely to become more acute as Israel goes ahead with its planned withdrawal from Gaza and part of the West Bank, which is now scheduled in principle to be completed by the end of 2005. Despite warnings from the World Bank and others, the stated intent of the Sharon Government remains more to cut Palestinians off from Israel rather than to promote Palestinian independence.³⁶ That is: Palestinians are unlikely to return to pre-*intifada* employment levels in Israel.³⁷ According to the Economic Road Map, “Central to our discussion is a recognition that future Palestinian economic strategy can no longer afford to rely so heavily on the export of labor and remittance income.”³⁸

Instead, according to the Economic Road Map, “A viable economic future for the Palestinian state entails a significant expansion of productive capacity in order to create jobs and incomes (including for those lost in Israel) for a population growing rapidly through natural increase and needing to provide for an influx of refugees. Such viability means a triple transaction: from full economic dependency to greater autonomy; from asymmetrical to more balanced relations; and from a high degree of automaticity to truly sovereign decision-making. This demanding transition requires that preparatory steps begin without delay.”³⁹

Experience with the development of industrial zones elsewhere has shown that for each job generated in such a zone at least three jobs are generated outside the zone by a spin-off effect, which generates new demand for services, consumables, and more. As a result, establishment of say 30,000 jobs in a new industrial zone could generate as many as 120,000 new jobs in total, more than replacing those lost in Israel, reduce unemployment to only 20-25%, and double average per capita income in the Gaza Strip.

The project is advanced now, when the Israeli government has announced its intention to withdraw from Gaza Strip by the end of 2005⁴⁰, including the dismantling of Jewish settlements in the area. As noted, this will require Palestinians in the Gaza Strip to become even more self-sufficient, as it is unlikely that free border crossing of workers from Gaza to Israel will be permitted after the withdrawal, and the jobs traditionally offered in the Jewish settlements and their factories located in the strip will no longer exist.

The destitute economic conditions in Gaza and the West Bank are principal contributing factors driving the violent unrest, the growth of the military organizations, and the general feeling of hopelessness. Meaningful, reliable, secure, long-term jobs for tens of thousands in nearby factories and offices (located less than half the distance of work places in Israel) in an Arab environment, run by world-class managers and including profitable tenant companies would provide not only income, economic stability, growth of self-esteem, but also an effective outlet for the lack of faith in an external world community that most there assume has little objective interest in them or their plight.

b. Conditions in Al Mawasi

Al Mawasi is a narrow strip of coastal land located in the Southern Gaza Strip along the Mediterranean coast from the Egyptian border to Deir El Balah. It has two separate areas of administration; Al Mawasi Rafah located to the west of the city of Rafah and Al Mawasi Khan Younis located to the west of the city of Khan Younis. All but about 3 linear Km of coastline falls within Khan Younis.

According to the Oslo accords, Al-Mawasi area was *classified as a yellow area* placing it under Israeli security control, but under Palestinian civil jurisdiction. It is the largest Yellow Area within the relatively small area that comprises the Gaza Strip.

There are approximately 4144 Palestinians living in Al-Mawasi, of which 3154 live in Al Mawasi Khan Younis and 990 live in Al Mawasi Rafah. More than 50% of the current populations are refugees who fled to the area from Israel during and after the 1948 War.

“Palestinians of Al-Mawasi area live in low-level housing conditions where most of their houses are cement-asbestos roofed. Some people also live in small sheds made from plastic or wood. No sewage or water networks are currently available in the area; besides, electricity services are only

available for few hours daily. The Palestinian communities are connected by muddy roads that often flood during winter time and consequently become difficult to use."⁴¹

Once known for agriculture, the economy of Al Mawasi has significantly deteriorated since September 2000. According to the Applied Research Institute in Jerusalem, "the agricultural productivity has been affected severely due to [Israeli] land razing and destruction of agricultural crops, in addition to the shortage of agricultural equipments. These reasons have contributed directly in the collapse of the agricultural sector in the area."⁴²