



The Negative Repercussions of the Corona Pandemic on Various Economic Sectors in Gaza Strip

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The Corona pandemic has left a huge negative impact on the livelihoods of people in the Gaza Strip in light of the deteriorating economic, living and humanitarian conditions, and the closure or slowing down of many sectors and economic activities. This has been reflected on the living conditions of families in the Gaza Strip, which have become worse in light of the lockdown caused by the pandemic and the resulting economic, social, living and humanitarian challenges.

A look at the economic and social situation in the Gaza Strip before the Corona pandemic:

The economy in Gaza Strip suffers from a tight blockade imposed by Israel for the thirteenth year in a row, in addition to the frequent Israeli wars and military attacks that have deepened the economic crisis as a result of the massive destruction to the infrastructure and all economic sectors.

The delay in the reconstruction process, especially in the economic sector, and the failure to compensate affected companies, have also led to serious repercussions on the economic situation.

Several international institutions have warned against the repercussions the continued blockade imposed on Gaza Strip and the delay in the reconstruction process have on the economic, social, health and environmental aspects.

A report issued by United Nations organizations on August 27, 2012 said that the Gaza Strip will not be livable by 2020, unless urgent measures are taken to improve water and electricity supplies, and health and education services.

The United Nations Humanitarian Coordinator at the time, Maxwell Gillard, stressed that «action must be taken so that Gaza is a place to live in by 2020, and living in it is already difficult.»

The Gaza Strip suffers from several crises, the most important of which is the high unemployment rate, which reached 46 percent during the first quarter of 2020, according to statistics of the Palestinian Central Bureau of Statistics, while the number of unemployed reached 211,000 person, and according to the World Bank, these unemployment rates are considered the highest worldwide.

Unemployment rates among youth and graduates in the 20-29 age group with an intermediate diploma or a bachelor's degree in the Gaza Strip have increased to 69 percent.

Economic sectors affected by the Corona pandemic

The tourism sector is considered one of

the largest sectors affected, as it completely stopped. Tourism in Gaza Strip depends mainly on visitors coming from abroad, as well as tourism facilities, restaurants, conference halls, workshops and wedding halls which all had to close down and all reservations were cancelled.

The closure of tourism and travel companies and Hajj and Umrah companies has affected workers in the tourism sector, in addition to the burdens of daily obligations required of employers.

The number of workers in activities related to the tourism sector in the Gaza Strip is about 8,700 workers.

The transportation sector has also been affected since the start of the crisis. Its operation has stopped by 80 percent due to the closure of universities, schools and kindergartens, in addition to the lack of people's movement. More than 3000 workers in this sector were affected.

The industrial sector witnessed a remarkable decline in productivity in light of the precautionary measures that were taken to limit the spread of the Corona virus. About 10,000 workers lost their jobs, and industrial sectors most affected were construction, paper, engineering, metallic and aluminum sectors.

Sectors that were least affected were the sewing and textile sector, with some factories working to produce protective clothing, followed by leather and wood

industries, in addition to the renewable energy sector, which is now dependent on maintenance.

The various commercial sectors witnessed a noticeable decline as well, and productive capacity decreased by 60% to 70%, due to lower purchasing power, and people's tendency to buy only most urgent needs of food, cleaning and protective materials, and medical supplies, while other sectors that were no longer of importance to people witnessed an even slower purchasing power; these sectors included clothing, shoes, books and stationery, which were also affected by the interruption of schools and universities and other sectors.

The pandemic led construction companies to stop their business, except for emergency projects, where about 200 contracting companies, with about 10,000 workers, had stopped working since the beginning of the Corona safeguard measures were in effect.

All private educational institutions, licensed and accredited by the Ministry of Education, were also affected, as all 700 kindergartens in the Gaza Strip, 53 private schools, and 365 private educational centers were closed, which affected workers in the private education sector, in addition to burdens of daily obligations required of employers.

The number of workers in activities related to the private educational sector in the Gaza Strip is over 5,000.

The economic slowdown due to the pandemic resulted in more than 45,000 workers losing their work, according to information gathered from different economic sectors, in addition to the huge losses incurred by the owners of economic establishments.

The agricultural sector suffered heavy losses due to the pandemic. Farmers' typical concerns, which are usually due to the Israeli attacks, have increased as the closure of crossings and markets and the temporary suspension of exports resulted in damage to crops destined for export, and a sharp decline in the prices of all crops directed to local markets.

In light of the continued measures and restrictions taken to reduce the effects of the pandemic, civil society institutions called for taking serious steps that would enhance integration and coordination mechanisms between all agricultural and community institutions, in order to maintain the continuity of the agricultural production process, and to ensure food security for people in the Gaza Strip.

According to a report issued by the World Bank in June 2020, the sudden decline of economic activities and the pressure on the financial resources of the Palestinian Authority put the livelihoods of Palestinians at a high risk, as the effect of the new Corona virus COVID-19 continues to heavily harm the economy.

After a growth rate of only 1 percent recorded in 2019, the economy is expected

to shrink by at least 7.6 percent during 2020, and may reach 11 percent.

In order to face this disastrous reality, it is necessary to work seriously to lift the restrictions on the development of digital infrastructure, and to strengthen the legal framework, as this will play an important role in stimulating the faltering economy.

The recession is expected to be even more than the World Bank report anticipated, as a result of the tax revenue returns dilemma between the Palestinian Authority and the Israeli occupation which resurfaced after President Mahmoud Abbas decided to confront the Israeli decision to annex one third of the West Bank lands. This led to the inability of the Palestinian National Authority to pay the salaries and dues of public employees, and this in turn was reflected in a significant decline in all economic activities due to weak purchasing power.

Poverty and food insecurity

According to the national concept of poverty, which is based on an official definition of poverty established in 1997, and includes absolute and relative features based on balancing basic needs of a family of five members (two adults and three children), the poverty rate among the population of Gaza Strip according to the actual patterns of consumption reached 53%, while the extreme poverty rate reached 33.8%, according to the latest official statistics issued by the

Palestinian Central Bureau of Statistics, knowing that the poverty line for the reference family amounted to 2470 shekels, and the extreme poverty line amounted to 1974 shekels according to patterns of monthly family consumption.

The World Bank predicted in a recent report that the percentage of poor families will rise to 64 percent in the Gaza Strip, while food insecurity of families has reached 68 percent, or about 1.3 million people, with 80 percent of the population depending on food aid.

Deterioration of the living conditions in Gaza Strip has led to the spread of many negative phenomena, the most important of which is the heavy presence of beggars at certain places near hospitals, banks, mosques, churches, markets, commercial stores and roadsides, and at traffic lights, restaurants, cafes and public places in a noticeable manner during the recent period, most of them being children.

Electronic begging also spread through social media sites, in addition to the spread of many social problems, the most important of which is the high divorce rates in Gaza Strip, and a noticeable increase in the imprisonment orders for financial receivables.

It is clear that the worsening humanitarian situation in the Gaza Strip will lead to a loss of control, which could lead to an unprecedented rise in the rate of theft and crime as a result of extreme poverty.

Local and international interventions under the Corona pandemic

It is noticeable that local and international interventions aimed at alleviating the burdens and difficulties of the living conditions in Gaza Strip in light of the pandemic have been very limited, and have no developmental impacts.

Among the most prominent local interventions is Waqfet Ezz Fund (or Dignity Fund), which was established in the West Bank with the aim of directing national efforts towards confronting the economic, social and health repercussions of the spread of Corona virus in Palestine. It also aims at strengthening solidarity among the various Palestinian people, through the participation of institutions, companies, businessmen and individuals inside Palestine and in the Diaspora, to contribute through the Fund towards alleviating the effects of this crisis.

The establishment of the fund stirred a number of questions that are still raised about the mechanisms of the fund's work, the most important of which is the lack of equitable distribution of aid in the absence of an official database on the numbers of those affected by the pandemic, and those who lost their source of income. In addition, the fund's board of directors does not include all segments of society, and there is a deficit in the geographical distribution of the members of the Board of Directors.

The Fund, which aims at facing the emer-

gency in Palestine due to the Corona virus, is overseen by the private sector, where its board includes 30 Palestinian figures, mostly from the West Bank.

Regarding the Qatari monthly support, this support was supposed to be directed to projects that achieve sustainable development and contribute to creating job opportunities and providing stable income for poor families in the Gaza Strip, in order to improve their living conditions.

However, this aid represents only a small percentage of what is spent in the Gaza Strip. There are many questions about this aid's contribution towards dealing with the Strip's crises, especially poverty, and about the extent of the impact it can achieve in overcoming the social and living crisis in the Strip. These funds help temporarily numb the Strip's problems but cannot have a developmental impact or sustainable economic solutions.

Summary

If things in Gaza Strip continue this way, they will cause a state of explosion, which could lead to a military confrontation with the Israeli occupation. The Gaza Strip is completely dependent on foreign aid, and there is no glimpse of hope that its economic, living or humanitarian conditions could improve unless there is a serious change in the current political situation.

Recommendations

- There is a need to end the Palestinian division and achieve national reconciliation, and to use all local and foreign Palestinian experiences and energies to stop the economic collapse and contribute to solving the crises that the Gaza Strip is suffering from.
- There is a need to adopt the Social Security Law, with the aim of providing protection, care and social security for workers, especially the marginalized groups in society, leading to the development of an integrated social safety net.
- There is a need for the international community and international organizations to move to put real pressure on the Israeli occupation authorities to end the siege and open all Gaza Strip crossings to the movement of individuals, exports and imports, in order to create a real economic growth, and reduce dependence on humanitarian aid.
- In light of the continued spread of the Corona virus, governmental crisis management plans must be drawn up, with participation of NGOs, whether at the economic level or the health system, in addition to approving a package of government measures and facilitations for people and the various economic sectors.
- Taking advantage of digital technology, by supporting pioneering projects in the information technology sector, and supporting remote work projects and distance education.

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