

### What is Sustainable Local Economic Development (SLED)?

The Sustainable Local Economic Development Strategy for the Gaza Strip (SLED) presents a comprehensive framework for strengthening the Gazan economy, including strategic objectives and proposed programmes under seven priority areas. It was developed between July 2016 and May 2017 in a co-creation process that engaged government entities, businesses, donors, civil society actors and academics. The strategy is a step towards a common vision for development among the donors, investors, businesses, NGOs, and national and local government actors that engage in the economy of the Gaza strip. It is both asset-based and opportunity focussed; and aims to maximise economic opportunities in a way that is inclusive, environmentally sensitive, and improves the well-being of the Gazan population.

### Why Sustainable Local Economic Development (SLED) for Gaza?

The economy of Gaza – assailed by three rounds of destructive Israeli military operations in 2008, 2012 and 2014, on-going blockade imposed on Gaza since 2007, and the division between Gaza and the West Bank since 2005 – has reached the verge of collapse with the strip suffering the highest rate of unemployment and poverty. The industrial and agriculture sectors have collapsed and about a third of Gaza’s workforce is unemployed. Without significant efforts and innovation to change the situation, Gaza’s economy stands little chance of getting back on its feet.

The current extraordinary context of the Gaza Strip ( e.g. The blockade of Gaza and Palestinian division) makes it very difficult for existing traditional national economic development strategies to create sustainable development in the Gaza Strip. For this reason the innovative SLED approach has been developed with an overarching SLED framework that focuses on the Gaza Strip as a locality, or local economy rather than a specific sector which is the case with existing strategies, and in this way can build on what works and multiply the impact of this and in the process offer an alternative route to growing the local economy and providing employment, tailored growth and well-being. From the outset and as a precondition, the SLED strategy has been developed as a regional component of a hoped-for national strategy that is along similar lines. In this way the strategy is interdependent with national economic policy and activities.

Moreover, the current economic climate with high unemployment, limited resources, increasing demands on services, absence of a clear understanding of community level needs and franchise, lack of vision and collaboration among the main business drivers, and the lack of clarity and connectedness in the roles of economic and social institutions, calls for a very strong, clear and coordinated response.

### Key Facts:

- Unemployment in Gaza now stands at 41.7% (the highest unemployment rate is 43.3% among youth aged 20-24 years); Female records the highest unemployment rate with 44.7% compared to 22.2% males. 80% of the population receives international assistance; and more than 70% of the population is food insecure or vulnerable to food insecurity (PCBS, 2017).
- 55.1% of the workforce are employed in services, while 6.6% and 6.7%, are employed in agriculture and construction respectively creating imbalance contribution of economic activities in employment. (PCBS, 2016).
- 56.9% of the workforce is employed by the Private Sector, which is considerably higher than employment in the public sector with records of 37% showing a weakened contribution by government (PCBS, 2016).
- 78% of employed persons are wage employees and only 13.9% are self-employed, which indicates that most of Gaza’s entrepreneurial class has been forced into poverty and aid dependency (PCBS, Q1- 2016).
- **90%** of factories and workshops have had to close since the implementation of the blockade.
- 300 commercial centres were either totally or partially destroyed in the 2014 Israeli offensive against Gaza alone.
- Exports are less than **2%** of pre-blockade levels due to heavy restrictions on the transfer of agricultural produce and other goods to Palestinian markets in the West Bank.
- Gaza’s GDP will not rebound to its pre-war levels until **2018**.
- Significant downside risks remain that could significantly worsen the economic outlook.
- Investment to GDP declined from **17.6%** pre-blockade (**2006-2008**) to **-2.1%** in **2015** in Gaza Strip.

## SLED Vs. Existing Strategies:

Sustainable Local Economic development for Gaza is a both a necessary and a viable complementary component to the existing and more traditional development strategies. Existing Palestinian development strategies are sectoral and generally top-down, with the government deciding where intervention is needed with little input from local actors. Within the existing strategy, the economic and social priorities is not defined; the role of each business actor is not determined; the national strategy is not enforced and not connected with local community sub-strategies; the strategies of Local Government are not in lined with the main public strategy.

SLED focuses on development at the local level and promotes economic development in all areas by offering local government, the private and not-for-profit sectors, and local communities the opportunity to work together through identified local assets and coordinated action to improve the local economy in Gaza.

The bottom-up and Asset based approach of SLED is expected to empower local societies and generates local dialogue, concentrates on context of Gaza; it's geographic, economic, as well as the capacity of formal and informal institutions, and focuses its strategic interventions towards the most affecting challenges including providing and generating sustainable employment in firms more capable to withstand changes in the global economic environment. In addition, the SLED strategy is also expected to integrate economic, social and environmental outcomes within most actions and certainly within this integrated strategy as a whole.

The approach uses a combination and existing and innovative economic, social and environmental approaches and tools to multiply the value of local money and resources to the economy, encourage access, leadership and equity for vulnerable people – such as more accessible business start-up opportunities, employment in “decent” work and development pathways in particular for women and youth, innovative measurement tools for improved well-being (already tested successfully in Gaza) and environmental impact such as planning tools and carbon footprint measurement.

The systematic nature of the SLED approach makes it easier to facilitate links to, and integrate with, national strategy. It also makes it easier for the businesses and economic drivers involved to take collective and more effective action with measured impact, whilst maximising the use and re-use of local resources and skills (the local multiplier).

**SLED Methodology** This approach has been specifically shaped for the local context, in a way that integrates with national economic planning. As a multi-stakeholder co-produced strategy, it has the support of all agencies and ministries involved, and has seen hundreds of individuals involved in the development process. It draws on learning from other interventions, and aims to work systematically at community, institutional and policy levels to create a framework for a thriving and sustainable local economy. It sets out and prioritises action within a guiding framework that is easy to understand and implement, and which is designed to guide multi-stakeholder investment. Consultation was undertaken in the form of a large-scale process of interviews, workshops and focus-group discussions. The results of which are summarised in the strategy which is structured around seven inter-related pillars, under which context analysis and recommendations are presented.



**Pillar 1<sup>1</sup>: Responsible and competitive private sector:** This pillar seeks to develop strong and interdependent business sectors, such as Textiles, Agriculture, Construction, Finance, and ICT which work together in a diversified and responsible way to improve product quality, efficiency, diversity of goods, scale and competitiveness – actively strengthening and investing in the local economy. It encourages the private sector to operate in a way that looks beyond profit and return on investment to benefiting local people and the environment, and that multiplies value for the local economy. This pillar seeks to promote the production of high quality products that are competitive with imports and viable for export – when and where possible.

**Objectives:**

- Improve the enabling environment for business start-up.
- Strengthen the competitiveness of Gazan goods and services in local, regional and international markets
- Increase the share of locally consumed goods that are produced in Gaza
- Institutional capacity building in the principles and practice of Responsible Business for the private sector
- Plan to develop Product Research and Development Capacity in Gaza
- Identifying and promoting local assets valuable for business development and increased awareness of these assets
- Plan for improved Interdependent working to increase the competitiveness of local business
- Promote access to ICT for services, agriculture and industry.
- Building the entrepreneurship capacity in the private sector, and encourage creation of decent job opportunities.
- Strengthen collaboration between businesses, and promote information sharing through database and consortium-building with the private sector, NGOs and public institutions.

**Recommended Strategic Projects and programs:**

- Boost venture capital for start-ups.
- Encouraging entrepreneurship programs for young women and youth.
- Estimate infrastructure needs and develop implementation plans for key infrastructure projects.
- Rehabilitate existing and damaged production lines.
- Management accounting and soft skills capacity building for start-ups.
- Establishing export support and promotion funds.
- National Initiative for supporting the production of local products.
- Support projects to promote trade and industrial activities (management and personnel, production capacity, financial capacity).
- Tax and customs exemptions for raw and semi-processed materials used in production and manufacturing to avoid double taxation.
- Establish an institute for quality and safety inspection for raw materials entering Gaza.
- Strengthen the Palestinian Standards Institute (PSI), linking the body with the Buy Local logo.
- Reforming the taxation system to incentivize the production and use of local products and services.
- Support the establishment of a Customer Protection Agency, and build consumer awareness on the quality of local products.
- Promote and build capacity in triple bottom line business planning with economic, social and environmental objectives.
- Plan and deliver activities for institutional capacity building in the principles and practice of responsible business for the private sector.
- Investment into and plan for a rollout of capacity building workshops for institutions and business in responsible business practice.
- Direct public and donor funding/incentives to private spending on R&D and business capacity development, including: business support services and initiatives for ICT skills. Activities should be diffusion-targeted to support low-income groups and account for actors in the informal economy.
- Plan for improving the availability of local and export market based information, including research and feasibility studies to encourage growth and attract investment.
- Leverage innovative technologies, foster ICT-related R&D, and improve research-industry links; further develop initiatives to improve business information and advisory services for SMEs.
- Develop ICT Infrastructure.
- Capacity building to promote trade and industrial activities (ICT, management and human resources, production capacity, financial capacity).
- Identify, promote and strengthen awareness of local assets valuable for business development.
- Plan for improved Interdependent working to increase the competitiveness of local business
- Exchange expertise in R&D programs to link entrepreneurs in agricultural and industries with the outside world.
- Develop a shared framework for improved business information flow, streamlined procedures and demonstration programmes.

**Challenges:**

- High production Cost (e.g. Double taxation , dual use restriction, imported raw material and crossings restrictions)
- No protection for local product and no control and restriction on imported product.
- Expensive and underdeveloped IT infrastructure.
- Shortage in the power supply and the high cost of alternative energy.
- The lack of financial support for agriculture, industries, and infrastructure development.
- High risk investment environment ( e.g. agriculture and industries).
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- Damaged infrastructure and factories due to the Israeli military actions.
- Less competitive private sector.
- Restriction by Israel on Movement of people for business mission (Agriculture and industries), and no access to international markets.
- Outdated skills due to the blockade.

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<sup>1</sup> For more information and elaboration please refer to the original LED Strategy document.

- Shortage of Database related to the private sector opportunities
- Limited coordination and cooperation between the industrial, agricultural and trade associations.
- No protection for copy right, patent, trade mark and branding.  
Present of informal economy.

**Pillar 2<sup>2</sup>: Positive local money flows:** This pillar works to support economic irrigation of existing local financial resources, creating a strong local multiplier effect, matching local production to local demand wherever feasible. Activities under the pillar are based on the assumption that every Shekel spent and re-spent locally can multiply the value of the original by up 300%<sup>3</sup> in terms of value and growth for the local economy.

**Objectives:**

- Promote the efficient use of Gaza's resources.
- Production of a multi-market system stakeholder plan to increase the effectiveness of money flows within Gaza.
- Increasing economic literacy at policy, institutional and community levels, and ownership of action to improve local money flows.
- Realign foreign aid and direct investment from a humanitarian to development focus, which works systematically within a joint planning structure, measuring the impact of money flows through a local multiplier ratio.
- Institutionalise the promotion of financial stability and sustainability for socio economic development.
- Develop credit facilities that irrigate economic benefit and contributes towards job creation.

**Recommended Strategic Projects and programs:**

- Form a regional economic council specifically for the Gaza Strip.
- Joint planning initiatives at policy, institutional and community levels.
- Programs to build capacity in economic literacy at community, institutional and policy levels.
- Identify activities to multiply the value of inwards investment through economic irrigation
- Encourage and measure local production of locally consumed goods
- Introduce tools, such as commissioning and procurement policies, which favour local production and employment; and utilize the proven Local Multiplier 3 (LM3) tool to measure the rate at which spending is irrigated.
- Identify and reduce leaks in money flows and take decisive action to encourage and measure local spending and investment through the use of the local multiplier within the public, private and donor/NGO sectors
- Develop a strategic plan for improving local money flows within all sectors
- Provide specialized or cooperative bank services for long-term investment into agriculture and industry.
- Reform the Central Government taxation system to invest public revenue from Gaza into Gaza.
- Reform the revenue system at the LGU level to support revenue creation over revenue collection.
- Awareness programs in financial inclusion and investment.
- Investment into and plan for a rollout of economic literacy workshops at policy, institutional and community levels.
- Joint planning initiatives with international donors and INGO's to ensure aid inflows into the Gaza economy is (i) coordinated, (ii) is wherever possible irrigated further inwards, and (iii) the impact of inwards irrigation is measured and monitored
- Conduct a needs assessment for public services in terms of maximizing local money flows
- Establish a council for project portfolio management of foreign aid.
- Establish strategic business incubators with a focus on import substitution.
- Support credit guarantee programs for private sector investment.
- Establish investment portfolio and venture capital funds for industrial and agricultural sectors.
- Supply investment and export credit guarantees, utilizing a creative approach for reducing the cost of credit .

**Challenges:**

- Two budgets with no transparency (Gaza and Ramallah), and no transparency in public spending and revenues.
- No clear financial and economic vision for the government and municipalities and limited budget for capital investment.
- High cost of credit (SMS, agriculture and industries), and credit channelled only for consumption.
- No collateral for agriculture and industrial projects due to the high risk involved.
- No clear social responsibility plan from Private institutions.
- Shortage of and expensive of credit for long term investment.
- A lack of transparency in foreign aid management, no clear vision and integrated plan for the use of foreign aid , and the share that of Gaza receives of national Foreign aid is not clear.
- No coordination between donors and central government and no clear and shared priorities for employing aid
- Political constraints in terms of shared planning for the employment of aid

<sup>2</sup> For more information and elaboration please refer to the original LED Strategy document

<sup>3</sup> *Interview.* Palestinian Ministry of National Economy and Palestinian Monetary Authority shows current achievements of between 60 and 150%. 2017.

**Pillar 3<sup>4</sup>: Public Sector and Civil Society responsiveness:** This strategy seeks a public sector and civil society that works together, and is responsive to the needs of local business: making it easier to start an enterprise, grow and compete through the removal of barriers, that encourages improvements in efficiency and skills, and boosts market inclusiveness for those on low incomes.

It envisages a civil society and government at national and local levels that works to support business and that increases inclusiveness within the private sector: making it easier to start a business, grow and compete. It aims to create an environment in which all market actors react quickly and effectively to the reasonable needs of business, and adapt to any changes in context which could either benefit or create barriers for business, without directly interfering in the market.

**Objectives:**

- Work with market system stakeholders to co-produce and monitor a sustainable economic, social and environmental development strategy and with accompanying policies
- Develop the capacity of public authorities in SLED
- Develop a Learning and Skills Council to better align education with the needs of industry
- Enforcement of regulation, ensuring good governance and institutionalized socio-economic development.
- Provide decent public services.

**Recommended Strategic Projects and programs:**

- Develop a National Strategic SLED Strategy and Masterplan for the acceleration and expansion of Gaza's economic development.
- Develop a strategy – with specific reference to leadership and entrepreneurship – to economically empower low-income women and youth.
- Review the Paris Agreement to encourage foreign trade.
- Provide short-term import protection for locally produced products to create fairer trading conditions without reducing competitiveness
- Introduction of LM3 measurement and planning for all government spending, and supporting decision-making that promotes inwards investment
- Develop a legal framework for the institutionalisation of SLED into public structures and the integration of SLED into the Palestinian Budget.
- Develop the Palestinian budget to better reflect community needs.
- Strengthen the role of the Palestinian Investment Promotion Agency.
- Capacity building programs in sustainable development for members of the Palestinian legislative council, and policy makers in LGUs, central government and NGOs.
- Revise policies within the education and TVET sectors to align with labour market needs; and create a Learning and Skills Council to link the education and private sectors.
- Support capacity building in the understanding of social capital (networks, norms and trust).
- Impose strict restrictions on and inspection of informal economic activities.
- Protect copyright and intellectual property.
- Improve trust between government and non-government services.
- Achieve governance, transparency, clarity and accountability through legislation, laws, norms and values.
- Needs assessment for public health, education, and social affairs.

**Challenges:**

- Massive debt burden and balance and of payment deficit
- Limited financial resources for central government and LGUs in Gaza due to political division and Israeli restrictions
- No legal framework for SLED and no enforcement at the government.
- Women, refugees, and rural areas have less opportunity to contribute in economic development.
- Shortage or no access to the Government database.
- Absence of Palestinian Legislative Council, No enforcement for regulation.
- Absence of election and democracy , Limited transparency, accountability, and integrity and Ineffective and inefficient of public monitoring system.
- No clear plan for education, social affairs, and health , and Limited financial resources for education and health
- High occupancy rate at public hospitals and public Schools and schools running by UNRWA.
- Low skills at doctors due to movement restriction and Low quality of government services.
- Shortage in medical equipment.

**Pillar 4<sup>5</sup>: Interdependence:** The approach seeks to enable mutually supportive links between stakeholders within the market system who wish to take both individual and collective action to improve competitiveness and profitability for themselves or other businesses within the local economy. It seeks to harmonize and leverage action, and build interdependence so that action taken creates benefits across each sector, even between competitors.

**Objectives:**

- The production of a multi-stakeholder endorsed SLED strategy for Gaza with collaborative resourcing, shifting aid towards sustainable development.
- The production of a national multi-stakeholder endorsed SLED strategy with the Gaza strategy as a regional sub-component.
- Reduce the economic and trade dependency on Israel.
- Strengthening mutual trade dependency between Palestine and different countries.

**Recommended Strategic Projects and programs:**

- Stakeholders agree on a unified, asset-based SLED Strategy for Gaza

<sup>4</sup> For more information and elaboration please refer to the original LED Strategy document

<sup>5</sup> For more information and elaboration please refer to the original LED Strategy document

- Advocate for the production of a national, multi-stakeholder endorsed SLED strategy with the Gaza strategy as a regional sub-component.
- Develop and institutionalize partnerships between the public, private and academic sectors.
- Raise awareness of socio-economic issues, strengthen partnerships with government at national and sub-national levels.
- Develop strategic national and international alliances and models for collaboration with stakeholders.
- Develop a coordination platform between all international agencies, including the United Nations and other donor agencies, to lobby for lifting the blockade and restrictions on Gaza.
- Conduct a coordinated advocacy and lobbying campaign which engages all international agencies to communicate unified messages regarding the blockade, putting pressure on Israel to lift restrictions on movement and access.
- Provide experience and knowledge exchange programs with other countries.
- Twinning of Gaza city with other cities over the world.
- Develop programs to motivate FDI.

### Challenges:

- High level of Israeli control over Palestinian trade, clearing, aid, reconstruction of Gaza and crossings.
- High level of Trade and economic dependency on Israel and Shortage of FDI.
- The absence of a unified council or a special export fund.
- Restrictive Israeli policies for dual use equipment ( technology).
- Israel control over the Palestinian Tax clearance, which is the largest source of Palestinian public income.
- No access to the international markets in particular Arab Market.
- Trade and economic dependency on Israel.
- Restrictions on the travel of people between Gaza and the West Bank:
- Restrictions on travel of people from Gaza to the outside world.
- Restriction to exchange goods with organisations outside of Gaza
- Restriction to the access restricted areas in Gaza (border areas and the sea).
- No clear guidelines for the relationship between NGOs, Private, and Public sector.

**Pillar 5<sup>6</sup>: Identified, linked and accessible assets base:** This pillar works to enable an identified local asset base which is linked and accessible to people with ideas and passion for business/social enterprise, and who want to grow the local economy. It seeks to strengthen existing assets, and access local resources for support to enterprise-based action, including: financial resources, and knowledge-based, physical, natural, cultural, and psychological assets.

#### Objectives:

- Develop a strategy for identifying and leveraging local assets
- Advocating for a Learning and Skills Council for Gaza
- Develop a strategy for improving the enabling environment for business in Gaza
- Sustainable Development strategy for competitive Human Resources.
- Strengthen social capital that is able to contribute effectively to achieving the goals of economic and social development.

#### Recommended Strategic Projects and programs

- Conduct a study/mapping exercise of Gaza's assets (financial, abilities, knowledge, physical, natural, cultural, psychological) that are available for leveraging for the development of the local economy.
- Prioritize these assets and provide recommendations for how they can be developed.
- Working with Paltrade and the Gaza Chamber of Commerce, create an accessible online knowledge database for local assets that can be linked to enterprise development
- Working with Paltrade and the Gaza Chamber of Commerce, synthesise available market research information and create an accessible online research database for market research and business feasibility studies that can support and direct investment.
- Conduct a gap analysis for important market based information.
- Working with Paltrade and the Gaza Chamber of Commerce, conduct a study of locally available information and showcase international ideas, technology, and business case studies that are linked to the prioritized assets through an online knowledge hub to support start-ups and business growth.
- Develop a Learning and Skills Council to predict business skills needs, and a National Skill Forecasting Initiative (NSFI) to predict and harmonise the needs of Palestinian business and labour market. The Council should provide clear policy guidelines, and use data analysis and indicators for future development.
- Develop a strategy for strengthening skills for key economic sectors, including agriculture, industry, and ICT; and to promote cross-cutting skills such as ICT for agriculture.
- Produce a database of assets that can be used to support existing and new industries, working through PalTrade, PFI, and the Gaza Chamber of Commerce. Make the database accessible to market system stakeholders such as businesses, investors. NGOs, industry associations and local government through an accessible online knowledge database.
- Establish and encourage the creation of programs with a professional orientation – as opposed to the existing focus on research and academic subjects.
- Work with PalTrade and the Gaza Chamber of Commerce to conduct a skills audit for Gaza with skills and geographic categories – who can do what.
- Produce a strategy for the acceptance and development of women and young people as critical assets for the growth of the local economy
- Promote R&D, innovation and creativity in educational institutions with a clear linkage to the immediate and long-term needs of the private sector.
- Create an accessible online knowledge database for local skills and knowledge.
- Introduce courses on self-enhancement, better communication and presentation, job search and entrepreneurship in all universities.

<sup>6</sup> For more information and elaboration please refer to the original LED Strategy document

- Establish a mechanism to ensure that schools and universities have established consistent and effective career counselling services.
- Increase awareness on existing and potential social capital, and how social capital can be better applied to growing the local economy.

#### **Challenges:**

- Skills gaps in many business areas.
- Education is not aligned with private sector skills needs.
- Education gaps in specializations.
- Limited mobility and gaps in on-the-job-training
- Outdated skills in the majority of economic sectors (agriculture , industries, ICT, etc).
- Entrepreneurs face difficulties in accessing credit and other financial resources.
- Shortage of exchange experience programs.
- Imbalance between the academic majors and labour market's requirements.
- Shortage in continuous training programs.
- Shortage in vocational training centres.
- Lack of a clear and needs assessed plan for human development.
- The absence of practical skills among graduates
- Inability to access outside markets.
- Women often face cultural and institutional discrimination and are a significant economic asset for Gaza if released to contribute effectively
- Few firms have provided training for employees.
- Fewer firms have an allocated budget for human resource development

**Pillar 6<sup>7</sup>: Environmental sustainability:** This pillar works to ensure the quality and sustainability of Gaza's environment and natural resources, whilst contributing to global efforts against climate change through reducing the Strip's carbon footprint – underpinning economic planning and action with ecological efficiency. The strategy encourages activities that work towards powering, supplying and facilitating business development in a way that protects or improves limited natural resources, such as water, land, trees, and air; ensuring that that necessary raw materials and renewable resources exist to drive growth in the current and future local economy.

#### **Objectives:**

- Identify the most promising opportunities for environmental sustainability interventions in Gaza at the private sector, community, institutional and policy levels.
- Produce a multi-stakeholder strategy driven by the private sector for delivering on prioritized environmental sustainability interventions
- Increase environmental literacy including awareness of local environmental sustainability constraints and opportunities
- Reduce the use of non-renewable resources
- Develop a legal framework for environmental sustainability.
- Mainstream knowledge and activity on environment and climate change.

#### **Recommended Strategic Projects and programs:**

- Undertake a study into the most promising opportunities for environmental sustainability interventions, including renewable energy projects such as solar energy, energy from seawater, wind and wave energy, methane and biogas.
- Produce a multi-stakeholder strategy driven by the private sector for delivering on prioritized environmental sustainability interventions, including incentives for investment and targeted research and development
- Develop a water harvesting and catchment system.
- Construct sewerage, drainage, wastewater treatment and water supply systems.
- Deliver an initiative to desalinate seawater and brackish water and regulate private desalination plants.
- Protect beaches and cliffs; and reclaim land from the sea.
- Control groundwater pollution, prevent wastewater pumping into the sea, protect sand quarries.
- Rehabilitating Gaza valley as a nature reserve project.
- Invest in sea-based fish farms to combat the depletion of stocks caused by overfishing in the narrow areas of land permitted.
- A study of wastage and non-renewable resources is undertaken to make recommendations for reduced use, re-use or substitution
- Effective measures are needed to protect Gaza's sand – a national wealth – from creeping urbanization and drainage.
- Map local renewable and non-renewable resources from source (where it comes from) to sink (where it goes) focusing the discussion on water, energy and consumer products.
- Produce a legal framework supporting the development of environmental sustainability
- Develop policies to protect agricultural land plots and develop the laws of land authority.
- Develop the capacity of Palestinian state institutions in climate change adaptation.
- Incentivise studies that ascertain the most viable crops given the predicted weather changes.

#### **Challenges:**

- Chronic water shortage in terms of both quantity and quality and lack of specialized laboratories for water testing and monitoring.
- Decreases in Sand Dunes and quarries reserves, the absence of an optimal use for lands, and irrational use of water.
- No available rainwater harvesting system.
- The absence of projects involving the recycling of organic material.

<sup>7</sup> For more information and elaboration please refer to the original LED Strategy document

- Drilling illegal wells.
- The absence of an infrastructure to deal with the disposal of solid and liquid waste.
- Sound and air pollution are not sufficiently monitored and there is an excessive use of pesticides.
- No plan for residential areas, commercial and industrial, farming, parks and nature reserves.
- The beach is polluted by wastewater. Sea cliffs collapse from beach erosion, and the shore space is reducing.
- Habitat destruction comes from a broad range of sources

**Pillar 7<sup>8</sup>: Strong Civic Voice:** This pillar promotes strong engagement, representation and leadership amongst the stakeholders within the market system. It seeks to strengthen the ability of individuals and groups to influence effective policy and practice within the market system, and has a particular focus on women's and youth networks, and informal groups.

**Objectives:**

- Strengthen the civic voice of local NGOs, industry associations and labour unions
- Institutionalize the relationship between NGOs, labour unions, government, and private sector.
- Strengthen representative platforms for market system players at all levels to shape economic policy and practice

**Recommended Strategic Projects and programs:**

- Institutional capacity building for local NGO's and representative organizations and unions in influencing, advocacy and policy formulation.
- Capacity building of representative organisations within the market system at all levels to influence an improved enabling environment and shape economic policy and practice
- Specific capacity building for women and youth-led business in civic voice and, influencing,
- Advocacy and policy formulation.
- Programme to engage NGOs and labour unions in central and local government strategic planning and budgeting.
- Capacity development for NGOs in socio-economic development, and sustainable environment and institutional strengthening.
- Capacity building program on the practice of organising trade unions.
- Capacity building programs for members of labour unions in environmental issues.

**Challenges:**

- Most Palestinian enterprises are small and micro-businesses and a large part of the Palestinian economy is informal reinforcing the need for collective representation.
  - Political factions continue to interfere in trade union work and attempt to maintain their control on trade union leadership.
  - There is a lack of Democracy, effectiveness and accountability within some of the unions.
  - There is a low level of awareness of labour and trade union rights among workers
  - Labour unions have less power in the public sector than the private sector and NGOs. In particular, labour unions in the public sector play a less significant role in the employment of staff than in other sectors. In addition, labour unions in the public sector have less networking and communication tools than Private and NGOs sector
  - The labour unions in the public sector have poorer welfare conditions and working facilities than the Private and NGO sectors.
  - Traditional institutions do not always ensure justice for marginalized social groups such as women, children and the poor and they rarely address the core factors that create social problems.
  - Donor aid is often perceived to be accompanied by specific, and sometimes conflicting, political agendas. There is a perception that a lack of internal organization and clearly established sets of priorities within the NGO community has forced many civil society associations to accept without challenge the will of donor groups.
  - An absence of shared vision allows donors to impose their cultural, political and social agendas on Palestinian society.
  - Lack of coordination between civil society organizations and the PNA.
  - A lack of trust in unions and associations was noted and criticism ranged from moderate to severe
  - A failure of many civil society organizations to adequately address the issue of sustainability, instead focusing on the management of projects with a short time horizon.
- Whilst the contribution of aid agencies has been valued there is also a concern that the conditions applied to external aid is thought to have turned Palestinian institutions into aid dependent institutions, weakened the work of Palestinian NGOs and transformed their staff from effective social advocates into employees.

## Recommendation to Mitigate Gaza Challenges

### The Palestinian Government

The Palestinian government should work as a platform for SLED by having public to public partnership<sup>9</sup>, partnership with private sector, protect local product, raise the economic literacy, protect natural

<sup>8</sup> For more information and elaboration please refer to the original LED Strategy document

resources and environment, balanced treatment between Gaza Strip and West Bank, assign budget for SLED strategy, and coordinate the development with local, regional and international agencies.

#### Local, regional and international investors

Through joint working within the SLED strategy it will be possible to bring into place a range of activities that reduce risk for individual, private sector and institutional investors, and to better promote investment opportunities. Investors should:

- Recognise the assets and opportunities in place in Gaza, and work strategically with all stakeholders to prioritise investment that retains capital within the strip.
- Approach investment in a way that is economically, socially and environmentally sustainable.

#### International donors

It has become clearer over the last few years that that approaches to aid in Gaza are failing to challenge the root causes of poverty and de-development, and instead may be entrenching cycles of aid dependency. The stakeholders involved in the development of this strategy believe that it is possible to carry out economic development in Gaza despite the fragile context, through investment into sustainable development activities, such as: value-chain development interventions, import substitution, and efforts to link relief, recovery and development programming. Moreover:

- Donors should, wherever possible, coordinate programming and design their own development strategies in line with the identified pillars and activities presented herein.
- Donors should also think more critically about their approaches to funding cycles and programming in Gaza, and be willing to fund long-term interventions that address the drivers of de-development.
- A formal coordination platform and framework for all international agencies engaged in economic development activities – including United Nations agencies, USAID and other donor agencies should be established. Such a body should promote and coordinate SLED in Gaza, whilst continuing to lobby for the lifting of the blockade.

#### International Community

The international community should put pressure on Israel to lift the blockade of Gaza and to facilitate the movement of people and goods to the world, and motivate the Egyptian and Jordanian authorities to open Rafah crossing and King Hussain bridge for Gazans with no restrictions.

#### Israel

Israel should lift the blockade of Gaza including ensure the free movement of people and goods, cancel the dual use list, lift the restriction on the Palestinian economy, abide international law for people living under occupation.

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<sup>9</sup> This concept is coined by the consultant reflecting the nature of ministries and Municipalities in Gaza as most of them don't coordinate with each other, conflict sub-strategies, and conflict interventions.