

Cashing the divide

The holy month of Ramadan started with the bleak prospect of thousands of Palestinians going home without a salary, as both the Palestinian Authority in the West Bank and the government in Gaza announced that budget shortfalls left them unable to provide pay cheques for their employees.

To help avoid a financial crisis, the European Union stepped in last week to contribute an



additional €22.5 million to the PA, which made payment to PA workers and pensioners possible. As salaries were processed, thousands of Palestinians in Gaza who are still employed by the PA queued at banks and ATMs to withdraw their money – even though many of them are under official PA orders not to physically report to work under the Hamas government. Meanwhile, Hamas said it will not be able to pay their employees July salaries until the end of August.

While the EU assistance surely helps PA-employed families who might otherwise not be able to afford the additional costs of celebratory meals and gifts during Ramadan, some human rights organisations have expressed concern that this type of cash assistance given only to the PA does little to ensure long-term sustainability and helps to exacerbate the political divide between Fatah and Hamas.

Mahmoud Abu Rahma, a communications officer at Oxfam partner Al Mezan Centre for Human Rights, explained that the isolation of Hamas from donor funding had major consequences on key sectors critical for Gaza's development. He says the humanitarian nature of the donor aid directed towards Gaza meant that residents of the strip were not able to benefit from longer term developmental assistance or donor funded state building projects that are currently underway in the West Bank.

Two and a half years past Israeli military operation Cast Lead, short-term, humanitarian style assistance is still the main source of aid for residents of Gaza. Humanitarian needs still remain relatively high in Gaza. However, there is also a need to move people beyond poverty and aid dependence. This requires a more sustainable and longer term approach to development, which is often difficult to achieve in Gaza due to aid that focuses development efforts only in the PA administered areas of the West Bank.

"To make any sense, aid must be directed at abolishing the root causes of the crisis that renders people needy. Human dignity must be preserved; not just basic material needs," Abu Rahma said.

On a similar note, the World Bank and the International Monetary Fund warned recently that the Palestinian economy will remain largely dependent on foreign aid for as long as the Israeli occupation remained in place, stating that the occupation stifled economic growth by restricting Palestinians' access to natural resources and markets, therefore complicating business, trade, and sustainable job creation.

1. Headlines

- **Mortars/rockets/casualties/incursions:** There were reports this week that the Israeli military carried out 11 airstrikes and 2 shellings in Gaza. Last week, there were reports that the Israeli military carried out 2 incursions across the perimeter into Gaza.

There were reports this week of Palestinian militants firing 2 home made rockets (HMR), 3 Grad rockets, and 1 Qassam rocket towards Israel or Israeli forces, as compared to 2 HMR that were reported to have been fired by Palestinian militants the week before.

There were reports that 2 Palestinian civilians were injured this week as a result of Israeli military operations. Last week, 1 Palestinian civilian was reportedly injured.

There were no reports of injuries or fatalities amongst Palestinian militants this week or last week.

There were reports that 1 Israeli civilian was injured this week as a result of Palestinian militant activity. No Israeli civilians or soldiers were reported injured the week prior.

Since January 23, 2011, Oxfam calculates there have been 24 Palestinian civilians reportedly killed, 257 Palestinian civilians reportedly injured, 20 Palestinian militants (including Hamas officers) reportedly killed and 32 militants reportedly injured as a result of Israeli military activity. There have also been reports of 1 Israeli civilian killed, 2 Israeli civilians injured and 4 Israeli soldiers injured as a result of Palestinian militant activity during the same reporting period.

- **Fishermen:** There were no reports of Israeli naval vessels opening fire on Palestinian fishermen this week. Last week, there was 1 report of an Israeli naval vessel opening fire on a Palestinian fisherman, with no injuries reported.

Since January 23, 2011, Oxfam calculates there have been 44 reports of Israeli naval vessels opening fire on Palestinian fisherman, with reports of 1 fisherman injured and 1 lost at sea. Since January 2009, Israeli naval forces have restricted the access of Palestinian fishing boats to three nautical miles from the coast; in practice, access is sometimes restricted to as little as one nautical mile, banning access to around 85% of Gaza's fishing water. In 2010, the annual fishing catch from Gaza decreased by 45% as compared to the 2008 fishing catch before fishing space was restricted to three nautical miles.

- **Tunnel related fatalities:** There were no tunnel related injuries or fatalities reported this week or last week.

In 2010, 43 Palestinian workers, including 5 child labourers, reportedly died in tunnel related accidents and another 88, including 1 child labourer, were reportedly injured.

- **Palestinians in the access restricted area (the so-called "buffer zone"):** There were no reports of the Israeli military opening fire on civilians in the access restricted area this week. Last week, there was 1 report of the Israeli military opening fire on a group of farmers, with 1 injury reported.

Since January 23, 2011, Oxfam calculates there have been 54 reports of the Israeli military opening fire on civilians in the buffer zone, with 8 civilians reportedly killed and 32 others reportedly injured. In 2000, Israel first imposed a 150 metre-wide security 'buffer' within Gaza's

perimeter. In certain areas along the northern and eastern perimeters, this official buffer extends up to 500 metres into Gaza. In practice, Israel restricts access to agricultural land up to 1,000-1,500 metres from the fence, which accounts for more than 30% of Gaza's agricultural land and a significant number of water wells. Most of the Gaza Strip's animal production is also concentrated in this area.

- **Rafah border crossing:** The Rafah border crossing was open 6 out of 7 days this week, with reports of 2,264 Palestinians entering Gaza from Egypt, 3,656 Palestinians leaving Gaza for Egypt, and 183 denied entry to Egypt. Last week, the Rafah border crossing was open 5 days with reports of 4,391 Palestinians entering Gaza from Egypt, 4,823 Palestinians leaving Gaza for Egypt, and 135 Palestinians denied entry to Egypt.

On May 28, 2011, the Egyptian authorities announced that they had permanently opened Rafah border crossing for the movement of people between Gaza and Egypt. During the first official week of opening, Egyptian officials had reported being overwhelmed by the volume of Palestinians from Gaza attempting to use Rafah border crossing, which had resulted in some delays. Hamas officials had also reported that the Egyptian procedures for transferring travelers from one side to the other were not clear.

Although Rafah border crossing does not ease movement restrictions between Gaza, Israel, and the West Bank, a full and consistent opening of Rafah border crossing would offer Palestinians in Gaza an opportunity to travel abroad for higher education opportunities, medical treatment, or to take a personal holiday.

An estimated 500 people rely on the Rafah border crossing every month to reach scheduled or ongoing medical treatment in Egypt or abroad.

- **Power plant and electricity supply:** Since January 5th, 2011, Gaza's power plant has not placed an order for industrial fuel to be transferred from Israel. The fuel for Gaza's power plant is now being supplied through the tunnels underneath the Gaza-Egypt border in the form of Egyptian diesel, at a much lower price than the industrial fuel supplied from Israel.

OCHA estimates that the power plant is buying between 300,000 and 400,000 litres of diesel from the tunnels every day. In addition to what is procured daily from the tunnels, the power plant in Gaza now reportedly has a back up supply of fuel, capable of running the plant at an output of 60 Mw for one month.

- **Cooking gas:** 887 tons of cooking gas reportedly entered Gaza this week via the Kerem Shalom crossing, as compared to 760 tons of cooking gas reported to have entered Gaza the week before. The 887 tons of cooking gas entering Gaza this week represents 50 percent of the 1,750 tons of cooking gas needed weekly. The overall cooking gas shortage has been a main concern for humanitarian agencies since November 2009. Cooking gas cannot safely be transported through the tunnels beneath the Gaza-Egypt border as it is highly combustible and requires a special pipeline to transport in bulk. The one tunnel equipped with a cooking gas pipeline was reportedly destroyed in an Israeli airstrike in December 2010. Although this tunnel started functioning again in February, it was damaged soon after and is now used irregularly to transport limited quantities of cooking gas. The ongoing shortage has created huge demand for cooking gas in the local market. The Gas Station Owners' Association has indicated that of the 28 gas stations that supply cooking gas, only between 10 and 15 are operational due to the overall shortage. As gas stations are unable to meet the local demand for cooking gas, a rationing system remains in place, with customers reporting a waiting time to refill of over 1 month.

- **Diesel/petrol:** No diesel or benzine was reported to have been delivered to the private sector this week or last week. A near total ban on fuel imports for public sale was put in place by the Government of Israel in October 2008. Around 600,000 litres of diesel and 200,000 litres of petrol for public sale are reported to enter Gaza every day through tunnels under the Gaza-Egypt border (OCHA, January 2011).
- **Exports:** No exports were reported to have left Gaza this week or the week before. The last truckload of exports to exit Gaza via the Kerem Shalom crossing was 1 truck of flowers reported to be destined for the Netherlands on May 13, 2011.

Since 2007, and despite Israeli government promises this past December to make additional efforts to increase exports from Gaza, exports have to date been entirely agricultural in nature, contributing to the de-development of Gaza's private sector. According to UNRWA calculations, before the blockade, 90 percent of garments, 76 percent of furniture products and 20 percent of food products produced in Gaza were marketed to the West Bank and Israel.

The limited exports now leaving Gaza are allowed as a result of an agreement between Israel and the Netherlands permitting limited exports of seasonal agricultural items. The agreement resumed on 28 November 2010.

**Pre-blockade weekly average (490 truckloads) is calculated on the daily average of all truckloads that exited Gaza between January 2005 and mid June 2007, before Israel's imposition of the blockade.*

- **Truckloads of supplies:** Kerem Shalom crossing was open 5 out of 7 days this week, with reports of 1,410 truckloads of supplies entering Gaza, which represents 50 percent of the pre-blockade weekly average.** Last week, Kerem Shalom crossing was also open 5 out of 7 days with reports of 1,100 truckloads of supplies entering Gaza, representing 39 percent of the pre-blockade weekly average.

Following the permanent closure of Karni crossing in early March, Kerem Shalom is now the sole permanent crossing through which goods enter Gaza. While Karni could accommodate up to 1,000 trucks a day, Kerem Shalom can only accommodate around 250 trucks per day. UNRWA has referred to the Kerem Shalom crossing, located in the deep south of Gaza, as an inefficient bottleneck that adds 20 percent in transport and labor costs to the price of humanitarian goods. Kerem Shalom crossing is also not equipped to handle the bulk transfer of large quantities of wheat and animal feed, while Karni is.

While imports remain limited, and raw materials severely restricted, exports remain banned almost entirely except for limited truckloads of strawberries, carnations and cherry tomatoes exported to the Netherlands. As a result, the scale of economic activity remains heavily dependent on local demand in Gaza, which in turn is constrained by the low purchasing power of the population and the relatively small size of the local market. Until crossings are fully opened for export, the impact of the easing of the blockade on unemployment, poverty and food insecurity rates remains limited.

***Pre-blockade weekly average (2,807 truckloads) is calculated based on the monthly average of all truckloads that entered during the first five months of 2007, before Israel's imposition of the blockade.*

2. Humanitarian trucks (week):

Truck originator	Total for week 31 July- 6 August
Bulk grains (human and animal)	114
Aggregates (for UNRWA, USAID, and UNDP)	335
UNRWA	129
WFP	19
UNDP	28
Gaza Institutions	3
ICRC	2
ANERA	4
Commercial	776
Total trucks for the week	1410
Percentage of pre blockade average (first 5 months of 2007)	50%

3. Fuel deliveries (week)

		Diesel	Petrol	Cooking Gas
31 July- 6 August		0	0	887 MT
	Percentage of need *	0		50 %
Previous week		0	0	760 MT

* Fuel association 2006 estimates - ** Imports of diesel and petrol for the general public and public sector in Gaza were exceptionally authorized on 6 occasions since October 2008

Request* of Industrial Fuel to the Power Plant via Israel (week):

Industrial diesel from Israel	Previous week	31 July- 6 August
0	0	0
Percentage of amount required to operate at maximum supply capacity of 80 MW		0%

Estimates of fuel supplied to the power plant from the tunnels

Diesel from the tunnels beneath the Gaza-Egypt border	Previous week	31 July- 6 August
	2.1- 2.8 million litres**	2.1- 2.8 million litres**

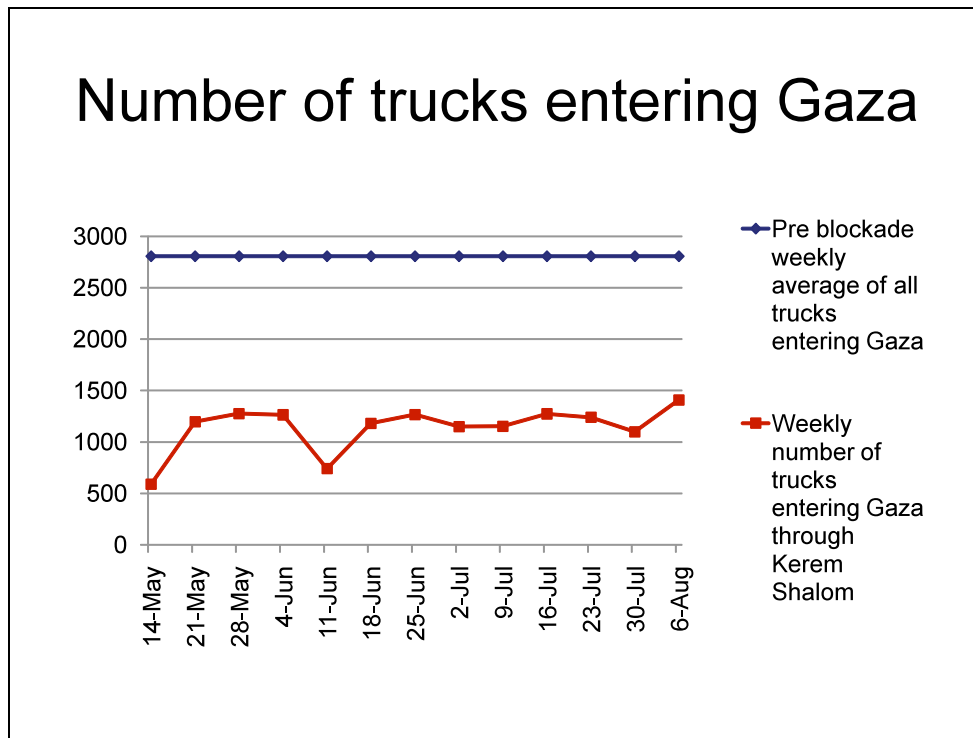
This update is compiled by **Oxfam International** from the best available information drawn from reliable international sources. Some of the information is preliminary and may be updated in subsequent reports.

Percentage of amount required to operate at maximum supply of 80 MW	60-80%	60-80%
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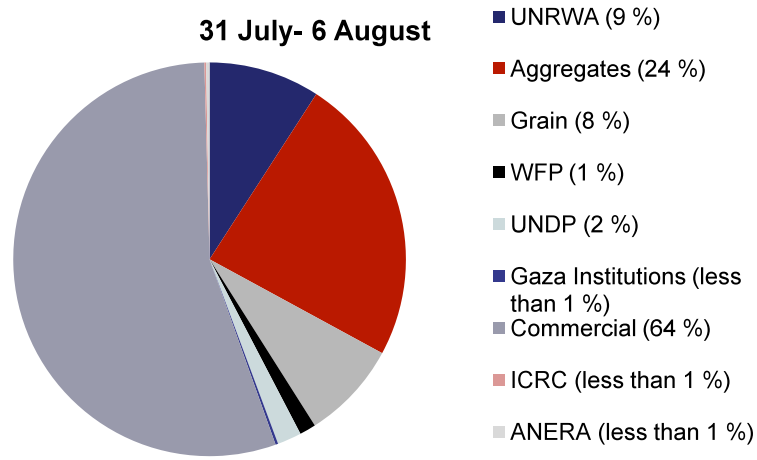
*The power plant has not requested any industrial fuel to be transferred from Israel since January 5, 2011

**based on OCHA estimates of 300,000- 400,000 litres of diesel per day

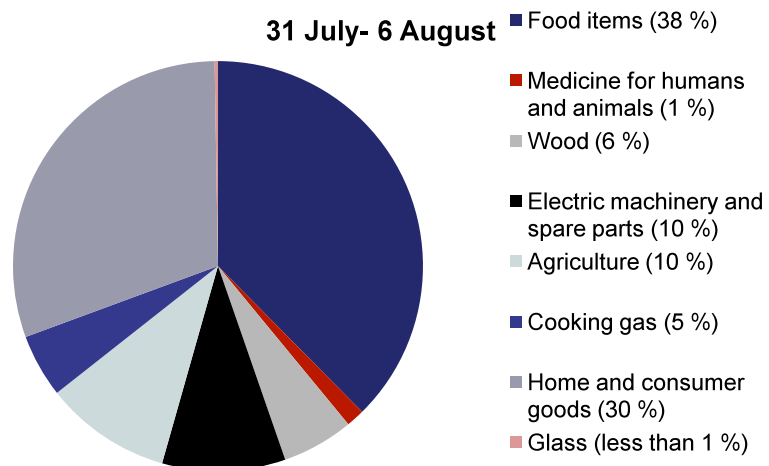
4. Weekly Charts



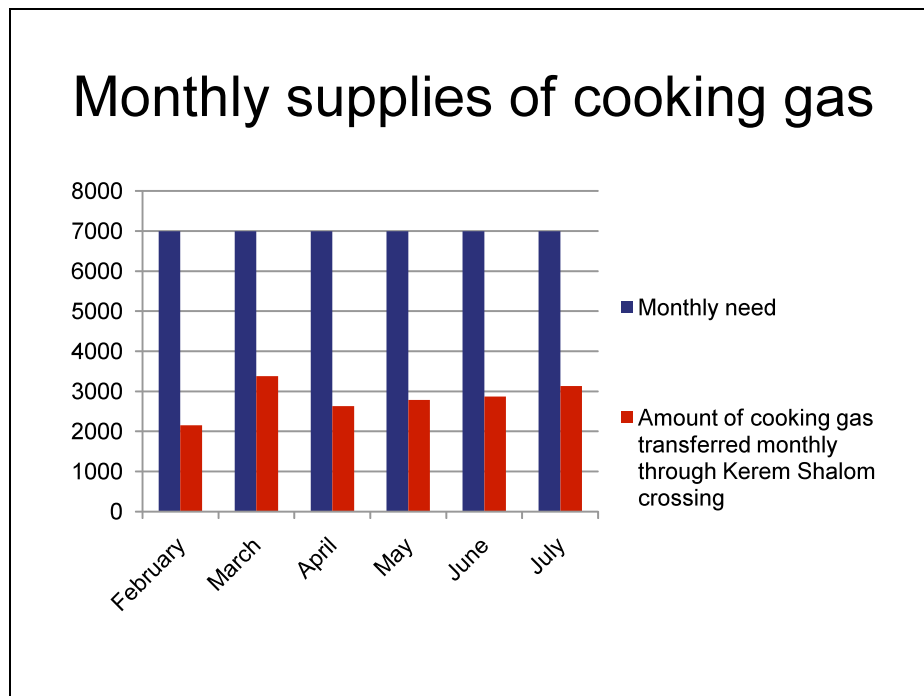
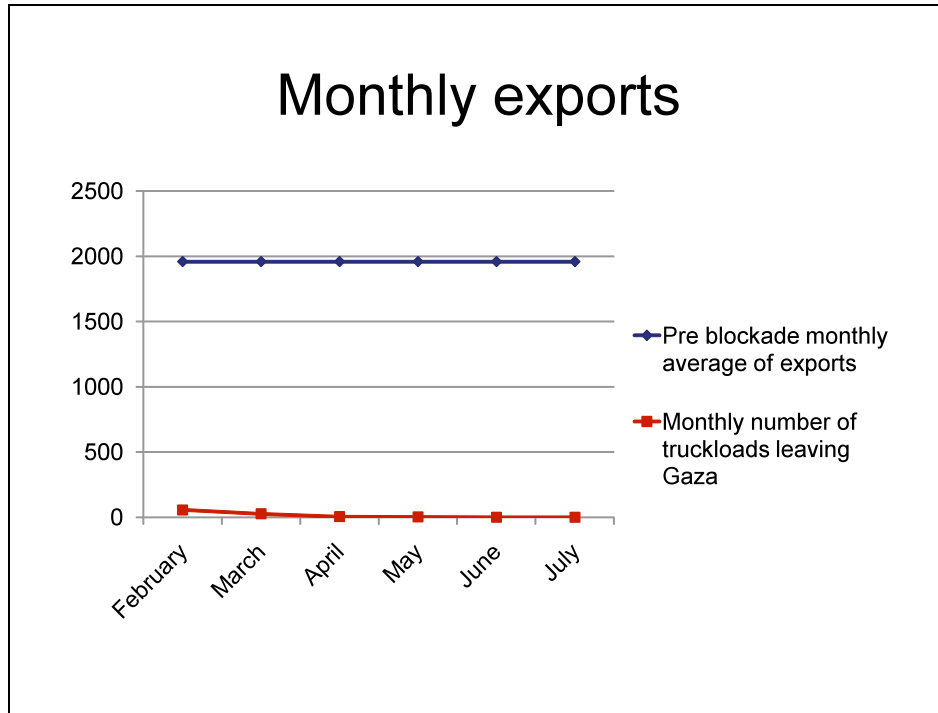
Weekly trucks entering Gaza through Kerem Shalom by provider



Weekly breakdown of commercial items entering Gaza via Kerem Shalom by item type

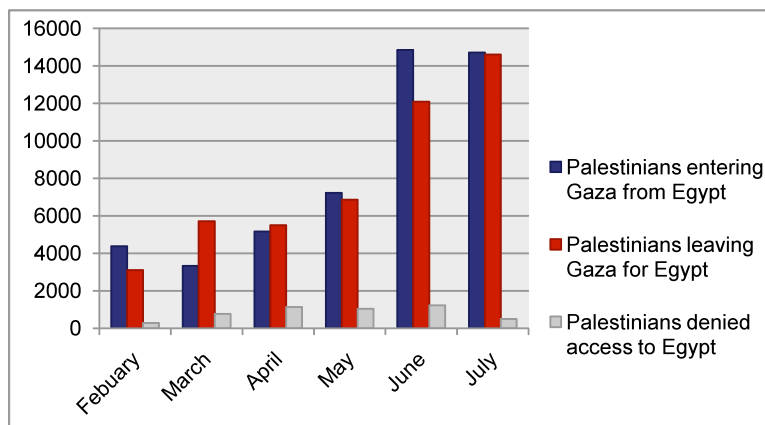


5. Monthly Charts



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Rafah Border Crossing



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