

## Gaza Reconstruction Post 2014 Aggression Assessing the Role of Municipal Development and Lending Fund (MDLF)

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**ABSTARCT:** Due to on-going de-development, the Gaza strip was found to be "uninhabitable" by the year 2020. According to United Nations report, being one of the most densely populated areas on earth, and being a conflict zone in addition to having high poverty rates, Gaza is a target field for International non-governmental organizations (INGOs) as well as for community based organizations (CBOs), specifically in the aftermath of the last conflict 2014 when efforts were geared towards reconstruction and rehabilitation programs. This paper is going to assess the role of the Municipal Development and Lending Fund (MDLF) in the reconstruction and rehabilitation operations in the Gaza strip post 2014 conflict, clarifying how this institution was an important pillar in the recovery process, the author used the personal interview as a tool for data and used the descriptive methodology, as a conclusion there is no permanent plan from the MDLF for emergency situations, this paper recommends more governmental support for funding recovery programs.

**KEYWORDS:** Reconstruction - Early Recovery - Municipality - Gaza Strip

### تقييم دور صندوق تطوير وإقراض البلديات في عملية إعادة إعمار غزة ما بعد عدوان 2014

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الملخص: في ظل تراجع التنمية المستمر أصبح قطاع غزة "غير صالح للسكن" بحلول عام 2020 وفقا لتقرير الأمم المتحدة، كونه أحد أكثر المناطق كثافة سكانية على وجه الأرض، وكونه منطقة نزاع بالإضافة إلى وجود معدلات الفقر المرتفعة، تعتبر غزة ميداناً مستهدفاً للمنظمات الدولية غير الحكومية وكذلك للمنظمات المجتمعية المحلي، وتحديداً في أعقاب العدوان الأخير عام 2014 عندما كانت الجهود موجهة نحو إعادة الإعمار وبرامج إعادة التأهيل. ستقوم هذه الورقة بتقييم دور صندوق تطوير وإقراض البلديات في عمليات إعادة الإعمار وإعادة التأهيل ما بعد عدوان 2014 في قطاع غزة، مع توضيح كيف كانت هذه المؤسسة ركيزة مهمة في عملية الانتعاش، استخدم الباحث المقابلة كأداة لجمع البيانات الأولية كذلك استخدم المنهج الوصفي، كانت أبرز النتائج أنه لا توجد خطة دائمة للصندوق للإنعاش في حالات الطوارئ، توصي هذه الورقة بالمزيد من الدعم الحكومي لتمويل برامج الإنعاش.

الكلمات المفتاحية: إعادة الإعمار - الإنعاش المبكر - البلدية - قطاع غزة.

## **Introduction:**

In a high densely population area and inhabitable as reported by the United Nations (Ageel, 2016), a period of just six years, three aggressions were mounted by Israel on the Gaza strip (Mahmoud, 2014) leaving enormous destruction to almost all vital facilities. According to the latest United Nations estimates, 2014, more than 40, 000 housing units, 141 schools, 29 hospitals, dozens of factories and vast areas of cultivated agricultural land, as well as Gaza's only power plant, were destroyed or damaged (United Nations Conference on Trade and Development, 2014). "In total, Operation Protective Edge led to damages of US\$1.428 billion, losses of US\$1.688 billion, and recovery needs totaling US\$3.875 billion. Faced with these new war-related needs, in addition to cumulative impacts of previous conflicts, Gaza in late August 2014 required large-scale reconstruction (Barakat, 2018).

Post 2014 aggression donor countries held a conference in Cairo following the summer's war on Gaza. Although \$5.4bn was pledged in total, exceeding the \$4bn that the PA had requested, only \$2.7bn would be dedicated to the reconstruction of Gaza (Bouris, 2015). But not all the donor countries has paid which slowed down the reconstruction and made the situation worse, add to this the GRM has created new bottlenecks to reconstruction and development of the Gaza Strip and has served to depoliticize and internationalize the siege, spreading the moral responsibility for its maintenance to the international community (Barakat, 2018). insufficient reconstruction funding is cited as a major barrier due largely to donor fatigue in a context of repeated war and destruction (Hochberg, 2016). On the municipal level, the urgent need for rapid recovery made the Municipal Development and Lending Fund take exceptional actions in the aftermath of the 2014 aggression, changing its regular performance to exceptional, giving the priority to the early recovery and business continuity of the municipal sector. Being a semi-governmental institution, in which the government is represented since the chairman of the board of the organization is the minister of local government, the MDLF has been given privileges being a trustworthy entity for the international donors.

## **Problem:**

The problem of this study lies on that in a disaster prone area like Gaza there is no previously governmental planned programs done to fund the municipal sector in the rehabilitation and reconstruction phases, efforts are scattered and un organized and only exceptional responses in the aftermath can save the situation, and the main question is: Do the Municipal sector need a fund specific for the emergency situations?

**Study Importance:**

This study is the first of its kind to deal with the issue of importance of early recovery at the municipal level in Gaza strip in accelerating the rehabilitation and reconstruction process.

**Objectives:**

- Analyzing the effects of unplanned programs of early recovery, at the municipal level, on the whole recovery process.
- Assessing to what extent did the MDLF contribute in early recovery of the municipal sector.
- Highlighting the importance of the planned early recovery of the municipal sector.

**Municipal sector in Gaza**

Municipalities nowadays practice many activities that are of great importance, It has a major role in public life, coordinating and organizing the work among the public within cities, Increases the well-being and welfare of society (Iyad, 2012). With life and human expansion, and as a result of conflict of interest between society, It was necessary to have an authority and a management that tries to coordinate the various actions that regulate daily life as much as possible for the people, Leading to a decrease in the disputes between community members, and because of the evolution municipalities become not only for society welfare but has a broad social activity based on the public interest (Eid, 2007). The municipal sector is considered one of the most important sectors in Palestine, especially in the Gaza Strip, where the municipalities were not isolated from the difficult situation facing the Palestinian people. They are connected to the political situation over the years. Until the late 18th century the Ottoman Empire began to suffer from slackness and weakness. It called for the introduction of structural reforms on the various systems. The most prominent of these was the development of administrative systems through reforms in the central authority and the formation of municipalities, in order to act as the central authority in the management of citizens' affairs.

In Gaza there is 5 main municipalities: Gaza, Deir El Balah, Jabalia, Khanyounis and Rafah, as a result of lessons learned from the three aggressions since 2008, many municipalities, adopted the approach of having its own contingency plans, while this was not enough since no emergency plan for the recovery process, and the municipality with the Palestinian Authority alone can't manage to get international funds, fortunately the Municipal development and lending Fund had saved the situation, and was the interconnection between the municipalities, Palestinian Authority and the international donors.

### **Municipal Development and Lending Fund (MDLF)**

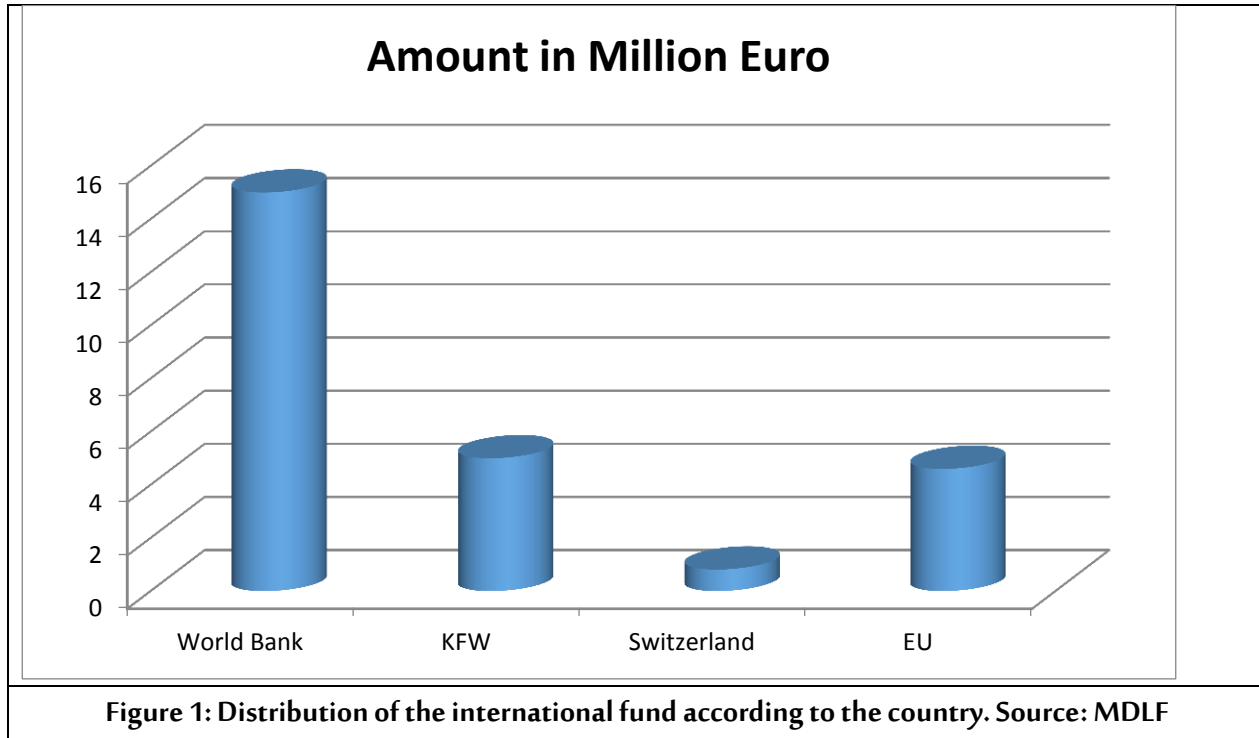
Since its establishment on 2007, the Municipal Development and Lending Fund has worked on improving and developing the capacities of municipal performance of 25 municipalities in the Gaza Strip and 134 municipalities in the West Bank, “to accelerate Palestine’s drive toward self-sustained, decentralized, prosperous, and creditworthy local government” (Fund, 2018). The fund’s main tasks are technical and financial support for the municipalities, municipal personnel capacity building and supporting development projects. The main donor of the MDLF is the World Bank, while it has 9 other donors some of which are: Kreditanstalt für Wiederaufbau (KfW) and Deutsche Gesellschaft für internationalen Zusammenarbeit (GIZ). In addition, the Palestinian authority pays 10% from the whole value of the grants.

The MDLF has four main windows for money disbursal. Window One: Municipal Development Program. It supports the operating budgets like the provision of fuel for the generators, rat poison, etc., except for salaries. Window Two: Creative Projects. In the time that this window has less funding, its projects are highly qualified. Window Three: Municipal Capacity Building. They work on the third window through developing the administrative & financial system of municipalities. To illustrate, developing financial performance, & electronic municipality & community accountability programs. Window Four: Recruitment of Local Technical Assistance Consultants.

### **The Fifth Window: Reconstruction & Rehabilitation**

In the previous two conflicts on the Gaza Strip, the MDLF was performing regularly by just helping the municipalities function normally. However, after the last conflict, 2014, the MDLF has decided to add a new window for Reconstruction and Rehabilitation depending on Damage Assessment Reports only for the Gaza Strip due to its political situation.

The World Bank, along with Sweden and Denmark, took the lead and paid 15 million Euro (see: figure 1) for reconstructing the Gaza Strip. The MDLF distributed the amount of money on the 25 municipalities that exist in the Gaza Strip to reconstruct the damage according to the projects that were chosen in accord with the damage assessment reports; those who have lots of damage, get more money, accordingly. In addition to the 15 million Euro the World Bank has paid, KfW paid 5 million Euro, Switzerland paid One million Euro, and 4, 600 million Euro were paid from the European Union (EU).



### Damage Assessment Process

Despite working in the reconstruction and rehabilitation operations for the first time, in addition to having funds for that, the MDLF was still able to deal with a large amount of grants that were paid after the 2014 conflict in a proper way. That reason goes beyond the fact that the MDLF has previously intervened and provided help for the municipalities in the time of different crisis. When Alexa storm hit the Gaza Strip, 2013, the MDLF had a distinct role in immediate response to the storm. It ensured the business continuity for the most affected municipalities by providing essential needs, though there was no international funding at that time.

Since the establishment of the MDLF dozens of programs were implemented in the West Bank and Gaza, being experienced helped the MDLF do better work and gave it the privilege to get more international funds. It decided that its work will depend totally on Damage Assessment Reports, and every time it gets new funds, it updates its reports. Therefore, it informs the municipalities to send their damage assessment reports, each municipality in its way. The MDLF, afterwards, verifies the data of the municipalities' reports by checking it on the ground, and all reports are edited according to the World Bank damage assessment format.

In accord with the reports, the MDLF distribute the funds to the municipalities as deserved due to the amount of damages and destruction. Hence eight out of 25 municipalities were paid more than the others: Gaza Governorate- Gaza Municipality; North Gaza Governorate- BeitHanun Municipality; Dier Al Ballah

Governorate- AlBraj Municipality; Khanyounis Governorate- BaniSheila, Khazaaa, Abasan AlKabira, Abasan AlJadeeda Municipalities; and Rafah Governorate- Rafah Municipality.

### **The MDLF Participating in Reconstructing & Rehabilitation**

Adding the 5th window, the MDLF took great part in reconstruction & rehabilitation. Helping in reconstructing the Gaza Strip post 2014 Conflict, the MDLF divided its work into three basic stages: short-term recovery, intermediate recovery & long-term recovery.

#### **Short-Term Recovery**

In the first phase, the MDLF created a program to enable municipalities restore the provision of basic services to citizens in destroyed areas by first using the 15 million Euro the World Bank paid. They concentrated on paying the operating costs that enable municipalities to try to function normally, so people can, at least, move their lives forward. Some of the operating costs the MDLF paid for were as follows:

- Fuel to run Petrol stations' services.
- Fuel for the generators.
- Renting big equipment like tractors, trucks, big and small engines to help the municipalities do their expected work like:
  - Clearing primary transportation routes;
  - And establishing temporary infrastructure to support business continuity.

According to the MDLF, this stage is not only for paying the operating costs, but it has to be done this way in order for the institution to carry on the reconstructing & rehabilitation process.

#### **Intermediate Recovery**

In the second phase, the MDLF used 4 million Euro but this time not for the operating costs, yet for reconstructing and rehabilitating destroyed areas and affected people. It started to work on capacity building and developing for both the municipalities and the people. In addition, it started seriously to repair and reconstruct destroyed buildings. Some of the sites the MDLF reconstructed were: Some municipal buildings; some damaged streets like Al-Beltaji Street and Al-Nazzaz Street eastern Gaza, in addition to some streets in BeitHanun and Khazaaa; and gardens and parks as the Qubba Park in East Gaza.

The MDLF has also done its best to build the capacity of its municipalities and employees in addition to the civilians. And therefore, it created programs to improve the relationship between the municipality and citizens. Those programs help create better communication with community (CWC) through social accountability programs and community investment strategic planning.

Nowadays, the MDLF is working on applying a new project: Gaza Vulnerable Communities Development Project (GVCDP). “The overall objective of the entire consultancy is to strengthening civic engagement as an approach where vulnerable communities have space and influence the decisions and services provided by the LGUs. In order to have progress toward effective community participation, the consultancy will focus to empower municipalities, civic groups (women’s, youth, Neighbourhood Committees), CBOs and citizens to increase their participation in joint local decision making, project planning, prioritization, selection and monitoring processes,” says the MDLF.

### **Long-Term Recovery**

The third phase the MDLF is still working on is trying to follow up with what is has first begun. Working on reconstructing the Commercial Building of Rafah municipality, the MDLF has completed building the basement and the lower floors. Due to having some problems in getting the needed building material into the Gaza Strip, the third phase is delayed. Being the parties that raised funds for this building, the EU and the KFW are trying to coordinate in allowing the materials to enter the Gaza Strip so the process continues.

### **Building Back Better (BBB)**

While reconstructing, the MDLF focused not only on the quantity, but also on the quality. “One of the justifications for considering a street that is partially damaged, as fully damaged and working on it fully is that we want to build it back better,” (A. Dardounah, Personal interview). So it is partial damaged, but they do complete reconstruction and the justification is: Building Back Better.

The cost benefit analysis is a tool that is used to accept or refuse a project. Thus the MDLF work on that tool for better work as they believe that every time they improve the cost benefit analysis, it would be better. In addition, the MDLF takes into account the future planning of the municipality. To illustrate, if one of the municipality’s plan is to widen X street after many years, in the time that X street has been damaged recently, the MDLF reconstruct the mentioned street taking into account widening it, justifying that as a process of early development.

### **Challenges**

In the time that the MDLF was trying to get accurate damage assessment reports, some municipalities did not give accurate information which, indeed, created a problem. Fortunately, that was not a big obstacle for the MDLF since they were paying field visits to make sure of the accuracy of the information and thus overcame such an obstacle.

Moreover, the continuous blockade on the Gaza Strip had slowed the reconstruction operations. “Israel controlled its exports and imports, and marine and aerial border terminals”, (Saleh, 2014) monitoring

and controlling the reconstruction materials and restricting some of them. This was the main challenge facing the MDLF in implementing its programs on time. Following the conflict in 2014 the government of Israel and government of Palestine made an agreement called Gaza Reconstruction Mechanism (GRM). The GRM is a temporary mechanism to allow the entry into Gaza of large amounts of materials considered 'dual-use' for the purposes of reconstruction following the conflict in 2014 (GRM, 2014). The term "dual-use" was a serious problem for the MDLF since important equipment were restricted like generators or servers for a long period of time. However, it tried to coordinate many times by the help of the EU and the KfW to get the materials in. Nevertheless, that stayed a problem they still suffer from until recently.

## **Conclusion**

The MDLF's work was never to reconstruct nor to rehabilitate. They even has no plans for reconstruction if any crisis occurs. But still, they can make quick intervention due to having the Knowledge-Base that is needed for such crisis, in addition to getting funds from different institutions and countries without asking for it; only for the reason of being a trustworthy institution that has the needed knowledge. The MDLF gave a great push for early recovery for the municipalities, but its unplanned exceptional emergency programs wasn't enough.

## **Recommendations**

- Insure every municipality is working on its own emergency plan, and updating it whenever needed.
- Very well implementation of the World Bank damage assessment report form for more accuracy in the results and transparency in the work.
- Establishing a committee for the municipalities damage assessment guided by a governmental entity instead of letting each municipality to work on its own process, and to insure transparency and integrity.
- To increase funding from the Palestinian Authority to meet the needs of the municipalities during peacetime, not just relying on the funds after any crisis.

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