Tahany Al Breim, Owner of “Al Sham” food processing business. Photograph taken by Mahmoud Al Hattab in May 2014.

ECOOMIC RECOVERY IN GAZA

Supporting livelihoods through women’s business development

Gaza has been treated as a humanitarian crisis for so many years that it is easy to forget that it was once home to a thriving economy. Living under a blockade and facing repeated conflicts, men, women and children in Gaza today face profound challenges in maintaining their livelihoods.

Before the implementation of the Israeli policy of separation¹, unemployment in Gaza was just 10 percent² and productivity was high. Since the blockade was imposed, Gaza’s GDP has fallen by 50 percent³ and there has been a number of major military operations, the first of which, operation Cast Lead, resulted in the destruction of 700 private businesses and the loss of 140,000 jobs.⁴

In response, Oxfam and its partners have been implementing economic development programmes since 2011. These are intended to support and strengthen small and medium sized businesses, with a particular focus on women. This case study presents Oxfam’s experience of using shorter value chain approaches to support the development of women’s food processing businesses in Gaza. It provides key lessons learned and recommendations arising from the programme.
INTRODUCTION

International law recognizes Gaza and the West Bank, including East Jerusalem, defined along the 1967 boundaries, as one territorial entity. For years, however, the Israeli government has implemented a policy of separation that has isolated Gaza from the West Bank, including East Jerusalem, resulting in the political, social and economic fragmentation of the Occupied Palestinian Territory (OPT).

Following incremental measures to restrict the movement of goods and people between Gaza and the West Bank, the separation of the OPT has been physically imposed through a blockade making restrictions on the free movement of goods and people in and out of Gaza almost total since 2007. As a result, men and women living in Gaza have faced great challenge in earning enough to support their families.

The impact of the blockade has significantly increased following the destruction of tunnels between Egypt and Gaza and the closure of the Rafah crossing to Egypt in 2013. An estimated 30 percent of goods reached Gaza through the tunnels - a real lifeline for people living there. The result is a gradual process of development, where poverty and unemployment rates are high, market conditions are unstable and reliance on food aid is increasing. According to the World Bank’s economic monitoring report to the ad hoc liaison committee published in May 2015, the unemployment rate in Gaza reached 43 percent and youth unemployment reached 60% in the fourth quarter of 2014, making it the highest in the world.

Oxfam has traditionally supported humanitarian interventions in Gaza. However, in recognition of the profound challenges that men and women currently face in Gaza, specifically in maintaining their livelihoods within the context of a continuing blockade, Oxfam began implementing longer-term economic development programmes in 2010, alongside its humanitarian interventions. Since 2011, Oxfam and its partners developed a programme to support and strengthen small and medium sized enterprises in three sectors: 1) dairy, 2) food processing; and, 3) information and communications technology (ICT), with a particular focus on the involvement of women across all three.

This case study presents Oxfam’s experiences of developing a new economic development programme in Gaza, reflecting on what Oxfam has learned through its work in this area.

ABOUT OXFAM’S PROGRAMME

Since 2011, Oxfam has partnered with leading local organizations to promote economic recovery in Gaza with the support of the Danish International Agency for Development (DANIDA), through a six year programme implemented in two phases. The programme targets: 1) both women and men involved in farming and cow-breeding on a small scale, 2) food and dairy processors, 3) young people in
the ICT sector, 4) organizations representing these sectors; and 5) relevant policy makers at the local, national and international level. It aims to address the weaknesses within the relevant value chains and to promote alternative livelihoods and income generating opportunities.

The food-processing sector is part of a large informal economy in Gaza, and is mainly dominated by women living in poverty selling agricultural products, such as pickles and herbs, in subsistence marketplaces. But in these market places buyers and sellers generally buy and sell little more than what is necessary for survival and are therefore not currently able to supply vegetables to the local market in sufficient quantities.

According to Oxfam’s 2015 Dairy Market Assessment, there are 300 dairy farms breeding 2,300 cows in Gaza. As a consequence of the blockade, no breeding cattle have officially been imported into Gaza since 2008. Inbreeding and a lack of fodder has led to a reduction in the local capacity of milk production, with yields dropping from 40 litres per day before 2007 to 14 litres per day in 2015. The price of imported fodder has increased significantly. The 11 small dairy factories currently operating in Gaza are able to supply just 21 percent of the local demand for dairy products. The quality of local dairy products remains poor and is not competitive in comparison with imported products.

**Supporting women’s economic empowerment in Gaza:**

Using ‘short value chain’ approaches

Men and women in Gaza lack access to basic social services, which contributes to their social and economic disempowerment. This has a disproportionate impact on women as they also carry the responsibility of providing care in the home. In OPT, women’s participation in the labour force was only 16.6 percent in 2011. To address this, Oxfam is working to recover livelihoods for both men and women, but with a specific focus to support women to address inequitable access to resources, markets and economic opportunity, mainly through food processing.

Reflecting the different needs of women the programme has been designed to pilot a ‘short value chain’ approach. The short value chain approach aims to geographically shorten the distance between producers and consumers, reduce transaction costs through the use of fewer intermediaries, and circulate money within a community. As such, Oxfam’s short value chain approach prioritises the development of economic opportunities for women in the communities in which they live, by placing women’s processing units close to their homes, buying fresh vegetable inputs for processing from farmers who are located close to their processing units and selling to consumers in their communities. This has the benefit of:

- Enabling women to remain close to their homes, making it possible for them to actively participate in the market place while maintaining their reproductive and in home care activities.

- Enriching the relationship and trust between consumers and women processors within the value chain through decreasing the number of intermediaries involved.

- Local production can generate an economic multiplier effect of between two and three times the original investment, as the money circulates and
multiplies within the community.

- Transaction costs are decreased, thus allowing for competitive pricing while also reducing the carbon footprint.

In Gaza, the focus on short value chains has allowed women to develop their own local markets with direct purchasers including local supermarket owners and institutional clients, such as the World Food Programme’s value-based voucher scheme.\textsuperscript{13}

**Supporting business to stay local, go formal and diversify product lines**

In order to effectively build sustainable livelihoods for women processors in Gaza, the project aims to contribute to enhancing the quality and quantity of their products in order to bridge the supply-demand gap in the local market and establish additional marketing channels for fresh vegetable farmers. Oxfam is working to achieve this by:

- Building the technical capacity of women food processors, both in administrative operations and production techniques.

- Influencing local economic policy, already resulting in new policies that grant a tax deduction to small and medium sized enterprises in their first year of business and fully subsidised municipality licence fees, both assisting in the transition of women’s home-based enterprises into the formal economy.

- Providing support for businesses to meet health standards and business licensing requirements.

- Supporting the establishment of four new food-processing businesses led by women, which now employ a total of 36 women and sell processed wheat-based products (e.g. couscous), pickles, herbs, pastries and traditional date biscuits.

- Supporting the buy-in of relevant stakeholders towards sharing a collective vision, based on the development of a Local Economic Development strategy, which is expected to be endorsed by the public, private and non-profit sector in the current phase of this project.

**Setting up shop**

In supporting the establishment of four new food processing business, Oxfam assisted five women business partners in the establishment of *Al Amal*, a food processing business that sells mainly couscous, herbs and pastries. *Al Amal* is an Arabic word meaning ‘hope’. According to the women of *Al Amal*, ‘We started this partnership when we were unemployed and our families were without any regular source of income. With the support of the project, we are now marketing branded products in our governorate and looking to expand to all of Gaza in the coming months. We are the owners and we make the decisions, we are not just doing what we are told by an NGO. We are very proud of ourselves and what we have achieved.’\textsuperscript{14}
In addition to food processing, *Al Amal* has now diversified its activities to offer cooking services to the local community. *Al Amal* has also decided to begin drying herbs to obtain economies of scale and enhance production speed. Although, the worsening economic situation in Gaza has had a negative impact on their sales, they have established brand and marketing channels through their marketing training, point-of-sale material and a recent ‘Buy Local’ campaign. After its first year of operation, *Al Amal* has become profitable and continues to grow. Each business partner is able to contribute an average of 600 NIS$ per month to her household income, and *Al Amal* has already paid the 2015 rent on the business property.

Through its programme, Oxfam and its partners are proving that economic development and women’s economic empowerment is possible in Gaza, and that it can generate sustainable impacts.

**WHAT DID OXFAM LEARN?**

At the outset of the programme, Oxfam identified that women’s food processing businesses were facing some of the toughest challenges within the market system. These included poor access to finance, cultural constraints and a lack of access to economic leadership opportunities. Accordingly, the programme allocated a greater proportion of staff time and resources to supporting those businesses, in order to monitor results and learn from them so that the project can be adapted to improve the opportunities for increasing the reach of the programme.

Coaching can be a more effective capacity-building tool than training

In terms of the programme approach to capacity building for business skills and production techniques, the programme found that coaching alongside training was a more effective capacity-building tool than just training. The most successful model was to provide initial training on basic production and business skills, and to follow this up with on-site coaching sessions. Coaching appears to contribute more to strengthening women’s confidence and communication skills, especially in a context where women are not able to integrate freely within the wider business community. Coaching can also be targeted to meet individual women’s specific needs.

The shorter value chain approach is well-adapted to fragile contexts

Short value chains can be particularly beneficial in contexts of fragility and during times of crisis. Gaza was hit by a major storm during the project period. Businesses had to shut down and transportation was suspended. Despite this, the project to support women’s businesses was able to continue its operations during that critical time. This was because the focus was on buying raw materials from farmers within the community, processing those raw materials into food products in premises located next to the homes of those running the businesses,
and selling the products to customers within their communities. Shorter value chains can be more resilient in such situations because they are less reliant on the movement of goods and persons into and out of the community, and more reliant on the capacities that the community already has in place.

**Project successes can support changes in gender relations**

During the initial phase of the project intervention, the project team observed that the husbands of female programme participants were not always supportive of the programme, and were in some cases creating obstacles to the women’s commitment to undertake business activities outside their homes. Oxfam worked to address this through encouraging spouses to participate in all programme activities, such as business management and marketing processes. With women as the primary beneficiary, their leadership capacities, communication skills improved and their ownership of assets has increased. Their involvement in economic activities has also become more widely accepted and their successes have been recognized. As a result, the husbands have become supportive of the vital role their wives now play in contributing to the economic prosperity of the household and to the community as a whole.

**Ensure that women’s immediate basic needs are being met**

The Gaza project worked with very poor women who were experiencing high levels of food insecurity. Before implementing economic development activities, it was important to ensure that the women were receiving food assistance and that the immediate basic needs for food for their families were being met. Once this was done, they were then more able to devote more time and effort to the success of their businesses. A recommendation to other programmes aimed at supporting women’s livelihoods through small- and medium-sized enterprise development would be to ensure participants’ basic needs are met through additional support at the outset of the project. Over time, the model should ensure that the businesses become sufficiently profitable to enable the women to meet their own and their households’ needs without assistance.

Supporting the development of women’s businesses and their transition into the formal economy requires a significant commitment of time and financial resources. It is important to adopt bottom-up approaches during the project design because women’s needs differ with each situation. It is also important to adopt flexible ways of working and to take time and care to address the cultural constraints faced by women, whilst also respecting traditional practices.

**Creating synergies with humanitarian aid creates income opportunities for small businesses**

As part of ongoing food security programming, Oxfam and the World Food Programme (WFP) work in partnership with the Ma’an Development Centre, a Palestinian non-government organisation, to provide e-vouchers to 60,000 vulnerable people that can be redeemed at 77 registered supermarkets throughout the Gaza Strip. Creating synergies with this initiative, through connecting both men and women small scale producers with the registered supermarkets, Oxfam has in-
creased local production and stimulated market demand, creating viable local market opportunities within a short-value chain.

Oxfam has observed that connecting producers, in particular women, with consumers, through a short-value chain approach can lead to increased sustainability and autonomy of the local population and local economy within the context of a blockade and protracted crisis. This approach also increased the quality, diversity and quantity of locally sourced produce available to voucher beneficiaries, thus also increasing access to nutrition. Since 2012, the number of products on the list of approved goods for which the voucher can be redeemed has increased by more than 60 percent.

CONCLUSIONS AND NEXT STEPS

Oxfam’s experience of development programming in Gaza has generated a number of recommendations about how to do livelihoods and economic development work that focuses on women in Gaza.

Oxfam’s experience of using the short value chain approach in this project has led us to conclude that this is a valuable approach and that it is especially appropriate for impoverished women-led businesses in fragile contexts.

When implementing women’s economic empowerment work, it is important to ensure that women are involved in all aspects of the programme, including planning, implementation and decision-making. This enhances their leadership capacities and self-esteem, and contributes to generating sustainable impact by incorporating women’s own interests and needs into community needs.

Oxfam recommends that other livelihoods interventions in similar project contexts should promote a buy-local and sell-local framework in order to benefit from a local economic multiplier effect.
The separation policy, as articulated by Israeli officials, consists of two parts: the blockade, in which Gaza’s population and land are physically separated from the rest of the OPT; and the political isolation of Hamas, in which the majority of the international community participates. This policy has had devastating implications for civilians in Gaza, since it limits the import of essential goods, including materials necessary for reconstruction shuts down internal trade and export to international markets; and prevents Palestinians in Gaza from leaving to visit family, seek employment, or access health and education services in the West Bank and aboard. The inability of the Palestinian government representatives to freely move between the West Bank and Gaza makes it impossible to effectively govern.


2 Oxfam, ‘20 Facts: 20 Years since the Oslo Accords’, September 2013.


5 Rafah Crossing between Egypt and Gaza is one of a total of two crossings for Gaza people to exit and enter Gaza. The other crossing is Erez checkpoint between Gaza and Israel which imposes severe restrictions on the movement of people in and out of Gaza.

6 http://www.aljazeera.com/news/middleeast/2013/02/201322619219970812.html

7 “de-development” or the deliberate, systematic deconstruction of an indigenous economy by a dominant power.” http://www.jstor.org/stable/2538308?seq=1#page_scan_tab_contents


10 The programme partners include the University College of Applied Sciences, Palestinian ICT Incubator, Small Enterprise Centre, Union of Agricultural Work Committees, PalTrade and Gisha.

11 This compares with 5,000 cows before the 2009 war in Gaza, in which over 4,000 cattle, sheep and goats and more than one million birds and poultry were killed.


13 The value-based voucher scheme is a food security programme implemented by Oxfam and funded by WFP, which distributes food items to 60,000 individuals on a monthly basis in the Gaza Strip

14 Al-Amal Food Processing Company. Wadi Alsalqa, Central Gaza Strip. The women were interviewed in June 12th, 2014 by an external consultant.

15 This was a campaign launched by the project during three months in 2014. It aimed to encourage the purchase of local products and services as a means to achieving local economic development and inclusive economic growth.

16 Israeli New Shekels, the currency predominantly used in the Gaza Strip and West Bank.
This case study was written by Ibrahim Shaath, Loai Al Haddad and Ala’a Eid. Oxfam acknowledges the assistance of Audrey Lejeune, Jonathan Mazliah, and Kate Kilpatrick in its production. It is part of a series of papers and reports written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this programme learning team at programmelearning@oxfam.org.uk

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. E-mail policyandpractice@oxfam.org.uk.

The information in this publication is correct at the time of going to press.


Oxfam is an international confederation of 17 organizations networked together in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty. Please write to any of the agencies for further information, or visit www.oxfam.org.