



Hassan Jihadi (right) works for the Abu Eita Dairy and Food Processing Factory, which has trebled in size since becoming involved in the Oxfam project. Photo: Samy Al Haw/Oxfam

ECONOMIC RECOVERY IN THE GAZA STRIP

From emergency aid to more sustainable development

Gaza's economy has been decimated both by frequent escalations of violence and by the Israeli-imposed blockade, which has severely restricted the movement of goods and people since 2008 and hindered recovery from the devastating conflict of 2014. This case study shows how Oxfam aims to contribute to economic recovery in Gaza, moving from emergency aid toward longer term and more sustainable development in order to better meet the needs of vulnerable women and men and facilitate economic recovery.

1 INTRODUCTION

While Gaza has been facing humanitarian crises for many years, the situation of aid dependency is a relatively new development. Before 2007 brought the full implementation of the separation policy and blockade on Gaza, unemployment was just 10 percent¹ and productivity was high. By 2008 Gaza's real GDP had already fallen by 30 percent.² By 2015, real per capita income had fallen by 31 percent compared with 20 years previously.³ The Israeli government blockade on Gaza limits freedom of movement for both people and goods, making it difficult for those living in Gaza to travel, visit relatives outside Gaza or access essential services, including healthcare. Movement restrictions have seen exports drop to less than two percent compared with pre-blockade levels⁴ due to heavy restrictions on the transfer of agricultural products and other goods to Palestinian markets in the West Bank.

More than 45 percent of the working-age population, including 67 percent of youth, are now unemployed, and 80 percent of people are in need of aid. Many key industries – such as the construction industry – have been decimated, as essential materials are not allowed in. Moreover, 19,000 homes were damaged or destroyed during the 2014 escalation in violence.⁵

2 ABOUT OXFAM'S PROGRAMME

With economic recovery programming dating back to 2011, Oxfam was one of the first organizations to respond to the de-development of Gaza's economy. Today Oxfam continues this essential work with the support of the Government of Denmark through the implementation of the Economic Recovery in the Gaza Strip (ERGS) project. The project aims to contribute to the recovery of the economy through a comprehensive approach that seeks to address policy impediments and promote inclusive local economic development. This is being achieved through:

1. Increasing agriculture production, including livestock in order to extend access to the local market and make it more equitable for women, small-scale producers, processors and young graduates in the dairy, agriculture and ICT sectors.
2. Increasing demand for local produce through focusing on local markets and increasing support to local businesses in order to increase the recognition of the local produce by forums and clients as competitive and marketable commodities both inside and outside the Gaza Strip.
3. Providing better quality and more equitable services that meet users' needs, including improved access to required inputs through official crossing points into Gaza.
4. Facilitating the development of a broad and enabling economic development framework for the Gaza Strip, which will contribute to the national efforts aimed at fostering economic growth in the Occupied Palestinian Territory (OPT) and Gaza Strip in particular.

Toward this aim the project works with 30 small-scale dairy producers and 10 dairy processors; eight women-led food processing units; and 2,000 youth in the information and communication technologies (ICT) sector.

This paper looks specifically at how these food and dairy businesses have seen a surge in demand, are changing consumer attitudes toward local produce and are creating a secure local supply of food in the event of an upsurge in violence. This is being achieved through strong market linkages with a food-voucher scheme for vulnerable families that Oxfam implements as part of its humanitarian programming.

LINKING ECONOMIC RECOVERY WITH HUMANITARIAN AID

Due to the lack of international financial resources and the protracted nature of the Gaza conflict, it is important for Oxfam to increase aid effectiveness by shifting the focus from emergency aid toward longer term and more sustainable development in order to better meet the needs of vulnerable women and men and facilitate economic recovery. In this regard, Oxfam has created a direct link between its ERGS project and the joint World Food Programme Electronic Value-Based Voucher (EVBV) project, which Oxfam has been implementing in Gaza since 2009. The EVBV project provides vouchers to 12,000 vulnerable households on a weekly basis, which can be redeemed for food items at local shops. Before the link was created between the programmes in 2013, most of the food items available through the voucher system were imported; but today Oxfam has made many Palestinian products available, thus increasing local market share and incomes along the way.

3 WHAT DID WE ACHIEVE?

This synergy between Oxfam's ERGS and EVBV projects has created the following multiplier effects within target communities:

- Before the link was created between the ERGS and EVBV projects, only 10 percent of food items available through the voucher system were locally produced. Now, more than 60 percent of the products are produced locally. This linkage has resulted in more sustainable income-generation for small-scale producers and processors, increased investment in production facilities and equipment, and improved product diversification and employment opportunities.
- The local market share has grown as a result of the replacement of imported products with local products. This was partially achieved through an Oxfam-led 'Buy Local' campaign – increasing consumers' confidence in local products, which were previously considered by many as being of inferior quality in comparison to imported goods.
- As a result of increased domestic demand, the local economy is now more resilient to escalations of violence. For example, the dairy factories involved in the ERGS project continued to operate during the 2014 conflict, which meant that dairy products were still available to local consumers. This was not the case during the 2008 war, when Gaza was fully dependent on imported dairy products, and the conflict caused severe shortages.

4 WHAT HAS OXFAM LEARNED?

The Government of Israel's blockade on Gaza and the repeated escalations of violence, as well as the lack of coherence across development and emergency funding, have been the greatest challenges to Oxfam's work on economic recovery and humanitarian programming in the Gaza Strip. Despite these obstacles, Oxfam's work continues to demonstrate the possibility of carrying out economic development in a fragile context through supporting market systems and enterprise development that provide income generation opportunities. Furthermore, building synergy between humanitarian aid and long-term development programming is creating a multiplier effect with a higher level of return inside Gaza.

5 CONCLUSIONS AND NEXT STEPS

Moving forward, it is essential to increase private sector investment in modern technologies and facilities. This still remains a challenge due to the threat of further violence as well as the trade and movement restrictions that negatively impact men, women and businesses in Gaza. Oxfam has learned that linking economic recovery with humanitarian aid requires a flexible response that can be easily adapted to an unpredictable context. Intelligent and adaptable funding is required from donors to allow flexibility within longer term strategic approaches. Donors must also uphold International Humanitarian and Human Rights Law and back up their investment in Gaza with serious demands and action to remove the blockade in order to allow for sustained economic development.

Generating local supply and demand

Before linking up with the EVBV project, the Abu Eita Dairy and Food Processing Factory – one of the 10 factories involved in Oxfam's ERGS project – operated from a single garage and employed five members of staff. Thanks to the project, the factory is now located in a three-storey building, is equipped with state-of-the-art technology and employs 15 members of staff.

Abu Eita's link with the EVBV project has helped more than 60,000 individuals who benefit from the weekly food voucher which can be exchanged for dairy products. This consumer-based approach has allowed Abu Eita to increase production capacity by 700–900 percent, and to increase its sales by more than 40 percent. Abu Eita also hired additional staff, which now includes seven female team members. The EVBV consumer base has increased business prospects for Abu Eita and has enabled product diversification, the establishment of brand awareness and increased trust among local consumers.

Hassan Jihadi, one of Abu Eita's new employees, is 27 years old and thanks to his salary he is able to support his 12 brothers and sisters. Hassan is a media and public relations undergraduate, and before joining Abu Eita he had been unemployed for three years. Although Hassan would have preferred a job in the public relations sector, where the salaries are higher, he is happy to be able to support his mother and father in meeting the family's daily needs. Hassan is now helping three of his siblings to continue their university education.

Hassan says: 'I had no value when I was unemployed, but now I am contributing. Although this is not the job I have always dreamed of, there are not many opportunities in Gaza. At least now I am able to work and make a difference in my life and help my family.'

NOTES

- 1 Oxfam (September 2013). 20 Facts: 20 Years since the Oslo Accords
- 2 International Monetary Fund (September 2014). West Bank and Gaza: Report to the Ad Hoc Liaison Committee
- 3 World Bank (2015) Economic Monitoring Report to the Ad Hoc Liaison Committee http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/05/27/090224b082eccb31/5_0/Rendered/PDF/Economic0monit0oc0liaison0committee.pdf
- 4 Information collected from Paltrade on 1 June 2016
- 5 Oxfam (2015) Crisis in Gaza <https://www.oxfam.org/en/emergencies/crisis-gaza>

© Oxfam International October 2016

This case study was written by Ahmed Al Hennawi and Ahmed Al Sabe. Oxfam acknowledges the assistance of Najla Shawa, Wasseem Mushtaha and Enam AbuNada in its production. It is part of a series of papers and reports written to inform public debate on development and humanitarian policy issues.

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. Email policyandpractice@oxfam.org.uk.

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

Published by Oxfam GB for Oxfam International under ISBN 978-0-85598-803-6 in October 2016.

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

OXFAM

Oxfam is an international confederation of 18 affiliates and 2 observer 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.