

Sustainable Local Economic Development (SLED) in the Gaza Strip



An Analytical Framework and Strategy

PalTrade

Table of Contents

TABLE OF CONTENTS	2
TABLE OF ACRONYMS	4
ACKNOWLEDGEMENTS	6
EXECUTIVE SUMMARY	7
OVERVIEW.....	8
A SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT STRATEGY FOR THE GAZA STRIP	8
APPROACH	8
<i>Structure</i>	9
RECOMMENDATIONS	10
<i>Investing into the Gaza SLED Strategy</i>	10
<i>Strategic Objectives</i>	11
CHAPTER 1: SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT (SLED) – AN ANALYTICAL FRAMEWORK	13
WHAT IS SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT?.....	14
LOCAL ECONOMIC DEVELOPMENT (LED).....	15
<i>The Local Multiplier (LM3)</i>	16
THE SUSTAINABLE COMMUNITIES APPROACH.....	17
<i>Sustainable Development</i>	17
<i>The Seven Pillars</i>	18
<i>Cross-cutting theme: Economic Justice</i>	22
SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT IN THE CONTEXT OF THE GAZA STRIP	23
<i>The role of local government</i>	23
<i>The role of NGOs and the UN system</i>	24
<i>The role of the private sector</i>	24
CHAPTER 2: METHODOLOGY, CONTEXT ANALYSIS AND RECOMMENDATIONS	25
METHODOLOGY.....	26
PARTICIPATING AGENCIES AND ACTORS.....	26
STRUCTURE.....	27
PILLAR 1: RESPONSIBLE AND COMPETITIVE BUSINESS SECTOR	28
<i>Context Analysis</i>	28
<i>Strategic Objectives and Suggested Interventions</i>	33
PILLAR 2: POSITIVE LOCAL MONEY FLOWS	35
<i>Context</i>	35
<i>Strategic Objectives and Suggested Interventions</i>	39
PILLAR 3: PUBLIC SECTOR AND CIVIL SOCIETY RESPONSIVENESS.....	41
<i>Context</i>	41
<i>Strategic Objectives and Suggested Interventions</i>	46
PILLAR 4: INTERDEPENDENCE	47
<i>Context</i>	47
<i>Strategic Objectives and Suggested Interventions</i>	50
PILLAR 5: IDENTIFIED, LINKED AND ACCESSIBLE ASSET BASE.....	51
<i>Context</i>	51
<i>Strategic Objectives and Suggested Interventions</i>	54
PILLAR 6: ENVIRONMENTAL SUSTAINABILITY.....	56
<i>Context</i>	56
<i>Strategic Objectives and Suggested Interventions</i>	61
PILLAR 7: STRONG CIVIC VOICE	62

Context.....	62
Strategic Objectives and Suggested Interventions	67
CHAPTER 3: INTERRELATIONSHIPS AND SYNERGIES	68
SUSTAINABLE COMMUNITIES FRAMEWORK: AN INTERDEPENDENT MATRIX OF ACTION	69
<i>Matrix of interdependent action</i>	69
<i>Case study example</i>	69
DEFINITIONS AND EXPLANATIONS.....	70
<i>Definitions</i>	70
<i>Explanations</i>	71
CLARIFYING QUESTIONS	72
<i>Private Sector</i>	72
<i>Local Government</i>	75
<i>Industry associations, INGOs and donors</i>	79
CASE STUDIES OF CROSS-PILLAR INTERVENTIONS.....	83
<i>Private Sector</i>	83
<i>Local authority</i>	85
<i>Civil Society: Industry Associations, NGOs and Donors</i>	86

Table of Acronyms

Acronym	Meaning
AFD	Agence Française de Développement
BTC	Belgium Technical Cooperation
CCC	Consolidated Contractors Company
CMWU	Coastal Municipal Water Union
CRS	Catholic Relief Services
DAI	Development Alternatives Incorporated
DWRC	Democracy and Worker's Rights Centre
EFTA	European Free Trade Association
EQA	The Environment Quality Authority
ERGS	Economic Recovery in the Gaza Strip (Danida/Oxfam project)
EU	European Union
FDI	Foreign Direct Investment
FPPCIA	The Federation of Palestinian chambers of Commerce, Industry and Agriculture
GBP	British Pounds
GDP	Gross Domestic Product
GIE	Gaza Industrial Estate
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPC	General Personnel Council
ICT	Information and Communications Technology
IDB	Islamic Development Bank
ILO	International Labour Organisation
INGO	International Non-Governmental Organisation
IUG	Islamic University of Gaza
JAC	Job Advisory Centre
JICA	Japan International Cooperation Agency
KBT	Knowledge-Based Transformation (MercyCorps project)
LED	Local Economic Development
LGU	Local Government Unit
LM3	Local Multiplier 3
MAS	<i>Palestine</i> Economic Policy Research Institute – MAS
MCM	Million Cubic Metres
MONE	Ministry of National Economy
MW	Megawatt
NDP	National Development Plan
NEF	The New Economics Foundation
NGO	Non-Governmental Organisations
NIS	New Israeli Shekel
NSFI	National Skills Forecasting Institute
PAPP	Programme of Assistance to the Palestinian People
PCBS	Palestinian Central Bureau of Statistics
PCU	Palestinian Contractors Union
PFI	Palestinian Federation of Industries
PGFTU	Palestinian General Federation of Trade Unions
PICTI	Palestine Information & Communications Technology Incubator
PICTI	Palestine Information and Communications Technology Incubator

Acronym	Meaning
PIF	Palestine Investment Fund
PITA	Palestine Information Technology Association of Companies
PMDP	Palestine Market Development Programme
PNA	Palestinian National Authority
PSI	Palestinian Standards Institute
PWA	Palestinian Water Authority
SDC	Swiss Development Cooperation
SEC	Small Enterprise Centre
SIDA	Swedish International Development Cooperation Agency
SLED	Sustainable Local Economic Development
SME	Small to Medium-sized Enterprises
TCF	Trillion Cubic Feet
TVT	Technical and Vocational Training
UAWC	Union of Agricultural Work Committees
UN	United Nations
UNDP	United Nations Development Programme
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	United Nations Special Coordinator for the Middle East Peace Process
USAID	The United States Agency for International Development
USD	United States Dollar
UXO	Unexploded Ordnance
WFP	World Food Programme
WIU	Palestinian Wood and Furniture Union

Acknowledgements

PalTrade acknowledge the hard work, commitment and belief of the core planning team which has over the last five years worked to develop this strategy, in collaboration with the stakeholders listed in Participating Agencies and Actors, page 26.

PalTrade is particularly grateful to its staff, Shawqi Makhtoub and Mohammad Skaik; and to Ahmed Abu Baker (SEC) and Ala'a Eid and Loai Al-Haddad (Oxfam). PalTrade also extends its thanks to Chris Pienaar (Weconomics Ltd) for his technical support and vision, to Dr. Wael Daya for his countless hours of work in developing the strategy, and to Ian Goodrich for the final edit and layout.

This document also owes much to the Strategy Steering Group; and crucially, to its donor, the Representative office of Denmark in Ramallah (Danida), without whom this initiative would not have been possible.

A glass jar with an orange lid, filled with small, round, translucent candies. The label is green and red, featuring the title 'مخللات حبي والسقا' (Makhallat Habb al-Saq) in white Arabic script. Below the title is a colorful illustration of various fruits including apples, grapes, and bananas. The label also contains several columns of smaller Arabic text, likely describing the ingredients and manufacturer. The jar is placed on a dark surface, and the background is dark and out of focus.

Overview

The economy of Gaza – assailed by three rounds of destructive Israeli military operations in 2008, 2012 and 2014, an 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 some of the highest rates of unemployment in the world.

Traditional economic development approaches – which prioritise national planning and export – struggle to account for the unique Gazan context, and have failed to deliver significant gains. Within this context, PalTrade, in partnership with Oxfam, Danida, the Palestinian Federation of Industries (PFI), and the Ministry of National Economy (MONE), have worked with key local stakeholders in developing the Sustainable Local Economic Development (SLED) approach that focuses on the Gaza Strip as a locality, or local economy; that builds on what works locally; and that multiplies impact on the local economy: providing employment, tailored growth and wellbeing.

From the outset, this SLED strategy has been developed as a regional component of a hoped-for national strategy along similar lines – in this way the strategy seeks to be interdependent with national economic policy and activities.

A Sustainable Local Economic Development Strategy for the Gaza Strip

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 –see Participating Agencies and Actors for a full list of contributors.

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.

Approach

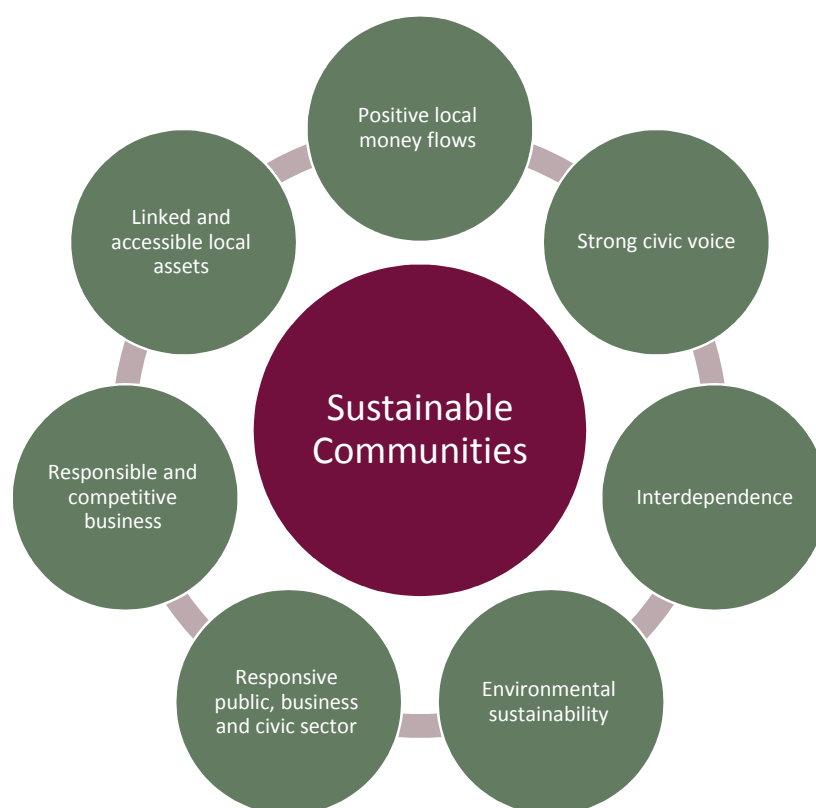
This approach has been specifically shaped for the local context, in a way that integrates with national economic planning. As a multi-stakeholder co-produced strategy, it has the support of all agencies and ministries involved, and has seen hundreds of individuals involved in the development process. 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.

Structure

The document is structured around three chapters: Chapter 1 presents an analytical framework, which outlines a shared understanding of the document's approach to Sustainable Local Economic Development, and contextualises the strategy; Chapter 2 analyses the Gaza context through the framework outlined in Chapter 1, and presents strategic objectives and proposed interventions to strengthen the economy of Gaza; Chapter 3 presents a matrix, outlining how components of the strategy interlink and coordinate, and provides examples of how many aspects of the strategic framework are already in place.

Pillars

The strategy is structured around seven inter-related pillars, under which context analysis and recommendations are presented. The pillars have been agreed as part of the multi-stakeholder consultation process, are presented below, and described in detail on page 18.



Recommendations

Investing into the Gaza SLED Strategy

The SLED strategy is a call for closely coordinated investment from local, regional and international investors, including the donor community, local and national government, private sector banks and investors, diaspora, and social investors. It demands more sustainable models for aid, that supports long-term economic development programmes for Gaza, whilst challenging, rather than working around the blockade.

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.

Strategic Objectives

A summary of thematic recommendations – strategic objectives structured under the seven aforementioned pillars – is presented below. A detailed analysis and suggested interventions under each objective is presented under each respective pillar in Chapter 2 of this document, from page 26.

Pillar 1: Responsible and competitive private business sector

1. Improve the enabling environment for business start-up and growth
2. Strengthen the competitiveness of Gazan goods and services in local, regional and international markets
3. Increase the share of locally-consumed goods that are produced in Gaza
4. Institutional capacity building in the principles and practice of responsible business for the private sector
5. Plan to develop market and product research and development (R&D) capacity in Gaza
6. Promote access to ICT for services, agriculture and industry.
7. Building the entrepreneurship capacity in the private sector, and encourage creation of decent job opportunities.
8. Strengthen collaboration between businesses, and promote information sharing through database and consortium-building with the private sector, NGOs and public institutions

Pillar 2: Positive local money flows

1. Promote the efficient use of Gaza's resources.
2. Production of a multi-market system stakeholder plan to increase the effectiveness of money flows within Gaza.
3. Increasing economic literacy at policy, institutional and community levels, and ownership of action to improve local money flows.
4. 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.
5. Institutionalise the promotion of financial stability and sustainability for socio economic development.
6. Develop credit facilities that irrigate economic benefit and contributes towards job creation.

Pillar 3: Public Sector and Civil Society responsiveness

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

Pillar 4: Interdependence

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

Pillar 5: Identified, linked and accessible assets

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

Pillar 6: Environmental sustainability:

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

Strategic Objective: P7 Strong Civic Voice

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

Chapter 1: Sustainable Local Economic Development (SLED) – An Analytical Framework



What is Sustainable Local Economic Development?

The framework for the Gaza Sustainable Local Economic Development (SLED) strategy is built upon established practices in Local Economic Development (LED), tailored to the Gaza context based principally on the *Sustainable Communities* approach (see page 17 of this document) – a framework decided upon by participating stakeholders during the consultation process (see Participating Agencies and Actors, page 26).

The strategy draws on LED theory and learning from LED initiatives world-wide. Most notably, the strategy integrates aspects of the Sustainable Enterprising Communities framework developed by the New Economics Foundation¹. This framework has been adapted by Weconomics Ltd to the Gaza context as the Sustainable Communities approach, which seeks to address “silo thinking”, and encourage interdependent action to promote sustainable local economic development and address resource outflows.

Whilst recognising the myriad challenges constraining economic growth in Gaza – stemming most notably from the impact of recurring conflict and the coastal territory’s ten-year blockade – the approach outlined in this document seeks to be fundamentally opportunity-focused. It seeks to maximise existing local assets and capabilities, and enable *local multipliers* (see page 16 of this document) that will strengthen the economy in the short-term, whilst preparing businesses for entry into a competitive external market. It is inherently positive in its approach, focusing on matching available resources to support new and growing businesses, create jobs and improve human welfare. It seeks to mobilise engaged stakeholders in positive, forward-looking action around a vision of what is *possible*.

Sustainable Local Economic Development is both a necessary and a viable complementary component to existing and more traditional development strategies. Such strategies are typically sectoral and top-down, with the government deciding where intervention is needed with little input from local actors.

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 first phase of the strategy has overseen the production of a single framework. A future phase would oversee rollout to governorate and community-level frameworks, linked through this strategy. Programme tools are available at community, institutional and policy level to support implementation.

The approach uses a combination of existing and innovative economic, social and environmental approaches to multiply the value of local money and resources to the economy. It seeks to encourage access, leadership and equity for vulnerable people – creating more accessible business start-up opportunities, employment in “decent” work, and development pathways for women and youth. It also provides innovative economic literacy and measurement tools, including tools for the

¹ *The Money Trail*. The New Economics Foundation (NEF). 2002. <http://neweconomics.org/2002/12/the-money-trail/>, accessed 17/05/2017.

improved measurement of well-being, which have already been successfully tested in Gaza, in addition to environmental impact tools for planning and carbon footprint measurement.

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

Local Economic Development (LED)

Local Economic Development (LED) is an approach to economic development which, as the name implies, places a region, city or even neighbourhood as the main unit of analysis and activity. The approach draws on a range of disciplines – including planning, community mobilisation, marketing and economics – and seeks to engage all market actors, from consumers and enterprises of all sizes to government actors and the non-profit sector, in actions that build the economic capacity of an area and quality of life for all.

It contrasts with traditional development practices in that it focuses on a small territorial unit, as opposed to a national economy; that it engages, and seeks to promote the engagement of local institutions and communities in participatory planning; and that it seeks to build on comparative local advantages, building from the bottom up into national level strategies.

The approach is not prescriptive, in that no particular programmes, policies or processes come pre-recommended – it instead promotes a framework in which the locality is central to planning, and that development processes are above all participatory. Measures taken may be diverse and engage a wide range of actors. Programmes may seek to: ensure access to investment for local businesses; support small-medium sized enterprises (SME); encourage the formation of new enterprises; develop infrastructure; tailor regulation to local needs; target areas of a locality for growth; or address the needs of disadvantaged groups.

As a framework, Local Economic Development is a powerful tool for mobilising actors within the market system to stimulate inclusive growth in any context. It is particularly relevant in Gaza, where the economic blockade – imposed by Israel since 2007 – stifles many opportunities for exogenous growth, demanding local solutions built on local assets.

The approach seeks to align the activities of the private sector, local government and NGOs, to promote and support local enterprise the key driver of local economic development. Local enterprises are more likely to employ local people, provide services to improve the local quality of life, spend money locally and so circulate wealth in the economy. They are also more likely to promote community cohesion and, by reducing transportation, are more likely to have a smaller environmental footprint. Further, local businesses provide more accessible opportunities for women.

The Local Multiplier (LM3)

The Local Multiplier, measured through the Local Multiplier 3 (LM3) approach², is a methodology that can be used by companies, government, and NGOs to measure how spending generates local economic impact and benefit to communities. It also provides the opportunity to identify where changes can be made to improve impact. The tool was originally developed by the New Economics Foundation (NEF), and has since been improved to differentiate between local and non-local impacts, and for use in “live” projects.

When applied in the Northumberland County Council, in the United Kingdom, it was shown that³:

- Every 1 GBP spent with a local supplier is worth 1.76 GBP to the local economy, and only 36 pence if it is spent out of the local area. That makes 1 GBP spent locally worth almost 400 % more to the local economy.
- A ten per cent increase in the proportion of the council's annual procurement spent locally would mean 34 million GBP extra circulating in the local economy each year.

While the local multiplier can be measured beyond a ratio of 1:3 (measuring spending up to three rounds including the original investment) it is harder to accurately capture the percentage of local versus non-local spending beyond three rounds. Hence the ratio is normally measured according to the first three rounds of spending only.

² *Ibid.*

³ *About LM3*. LM3online. 2007-2017. <https://www.lm3online.com/about>, accessed 17/05/2017.

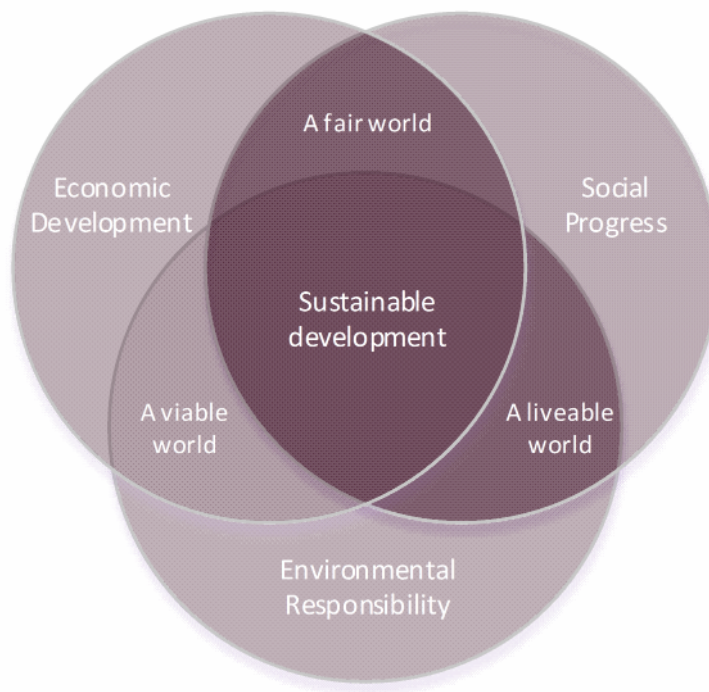
The Sustainable Communities Approach

“The issue is not necessarily that too little money flows into a local economy. Rather, it is what consumers, public services and businesses do with that money. Too often it is spent on goods and services with no local presence, and so immediately leaves the area⁴”

Given severe existing constraints on the economy, environment and social well-being in the Gaza strip, it is critical that development actions undertaken are sustainable and positive, above all else. The strategy integrates the concept of sustainability within the LED framework using the *Sustainable Communities Approach*, which mobilises resources under seven pillars of action that operate interdependently to support stakeholders in developing the economy in a way that is economically, socially and environmentally sustainable. Adopting an approach that is asset-based rather than deficit-based, the strategy has a deliberate focus on action agreed by stakeholders to be realistic and *possible*, even within current constraints.

Sustainable Development

The Sustainable Communities model understands sustainability through three lenses – based on the Triple Bottom Line approach to ethical accounting⁵. This framework demands that activities under the strategy must contribute to three domains of sustainability, namely economic sustainability, environmental sustainability, and social sustainability.



⁴ *Plugging the Leaks*. Bernie Ward and Julie Lewis. New Economics Foundation UK. 2002.

⁵ *Triple-Bottom Line Sustainability Accounting Model*. Kenneth Lyngaas. 2013.

Core domains

Economic Sustainability

The strategy priorities areas and actions that are economically sustainable: i.e. that support viable, revenue-based business models; reduce aid dependency; and create positive feedback loops within the local economy that engender growth.

Environmental Sustainability

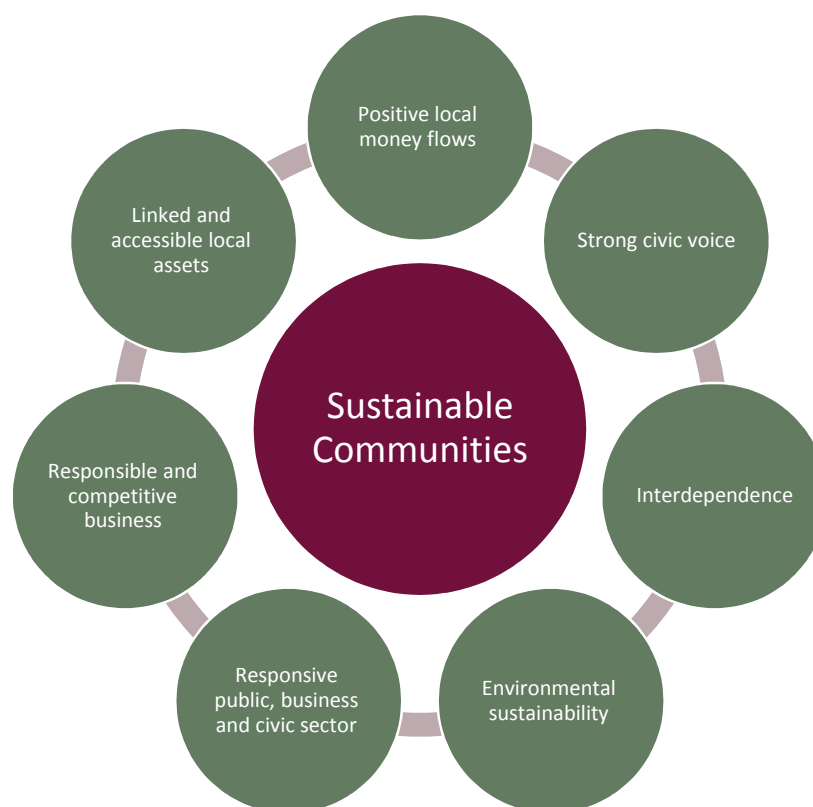
The strategy promotes activities that improves upon and does not further degrade Gaza's already limited environmental resources (i.e. water, land, and energy). The approach seeks to minimise waste, manage resource consumption, promote renewable energy, and support effective and sustainable land use.

Social Sustainability

Finally, the strategy seeks outcomes that support the social fabric of the Gaza strip, ensuring that growth is inclusive and equitable. The document proposes activities to support the welfare of consumers, employees, and producers alike; and that create opportunities for marginalised groups – in particular, low-income women and youth.

The Seven Pillars

The Sustainable Communities Approach is built on seven pillars, which are reflected in the objectives and programmes outlined in this document. The pillars have been agreed upon and prioritised by the actors engaged in the strategy development process, and interlink to channel local energy, and build on natural resources, and the resourcefulness, skills, commitment and passions of local people to strengthen the economy of Gaza.



Pillar 1: Responsible and competitive business 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.

This pillar seeks to create and strengthen business that:

- Make a good return on investment
- Have diversified by increasing product range and marketing channels
- Have improved product quality, increasing desirability and competitiveness
- Have increased production capacity
- Have increased scale
- Benefit low income and vulnerable local people – especially women and youth – through employment/training
- Work interdependently in collaboration with other businesses, supporting each other to become stronger
- Have strengthened and benefitted the local economy by buying and employing locally and supporting the buy-local programme and logo.
- Have benefitted the environment by recycling, using renewable energy and resources and by not polluting)

Pillar 2: 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%⁶ in terms of value and growth for the local economy.

This pillar works to:

- Identify sources of money flows at national, institutional and community levels, multiplying their impact on the local economy
- Promote economic literacy, which encourages understanding of money flows and the local multiplier effect, and their benefits for the local economy
- Multiply investments into initiatives which encourage local spending and re-spending; such as loans, grants and incentives for local business start up or growth
- Support initiatives and policies that encourage the buying of locally-produced products
- Enable research that supports investment into local production
- Encourage policies and practices that measure the impact of local spending, through tools such as the Local Multiplier (LM3)

Pillar 3: Responsive public sector and civil society

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.

This pillar seeks develop vibrant institutions that:

- At a local government level, work easily, quickly and in a collaborative manner with the private sector and civil society organisations to improve the enabling environment for business
- At the NGO and donor level, support and contribute to plans, platforms and initiatives that support sustainable development in Gaza at community, institutional and policy levels

⁶Interview. Palestinian Ministry of National Economy and Palestinian Monetary Authority shows current achievements of between 60 and 150%. 2017.

Pillar 4: 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.

This pillar seeks to enable joint initiatives that:

- Bring market system players together to drive effective planning for the local economy
- Bring market system players together to drive economic literacy initiatives
- Bring market system players together to design and fund on-going buy-local campaigns
- Bring cross-sector businesses together in industry groups that improve efficiency and competitiveness, for example an Institute of Packaging or a Society of Marketers
- Influence Investors (including donors) to invest through the pillars and actions of this strategy

Pillar 5: Identified, linked and accessible asset 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.

This pillar seeks to promote activities that enhance existing assets, such as:

- Skills audits
- Asset mapping
- Online knowledge bases for local assets that can be linked to enterprise development
- Research to support investment and development (e.g. market research)
- Linking and utilization of underutilized assets, and building on other existing assets
- Ideas, technology, information and business feasibility studies for using underutilized assets

Pillar 6: 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.

This pillar seeks to promote:

- A strong policy focus on environmental sustainability
- A strong business focus on environmental sustainability objectives within planning and action
- Research and development initiatives proving viability of technology
- Incentives for renewable energy infrastructure and business practice

Pillar 7: 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

This pillar seeks to promote:

- strong representative industry organisations with meaningful services and platforms
- strong representative platforms for market system players at all levels to shape economic policy and practice
- advocacy capacity building initiatives for vulnerable groups within the market system
- strong advocacy organisations and capacity building in advocacy

Cross-cutting theme: Economic Justice

Economic justice is a cross-cutting component of this strategy, which has a focus on the rights of low-income and vulnerable groups, in particular women and youth. This strategy seeks to support access to gainful employment and business opportunities, accessible business support services, needs-assessed capacity building and effective representation and business support services. All activities should seek to foster an inclusive enabling environment and promote access to markets and support services for low-income women and youth; enhancing rights, capacity and access. Wherever feasible, interventions under this strategy should take steps to improve empower women and young people.

Sustainable Local Economic Development in the context of the Gaza Strip

Gaza's isolation necessitates strong, coordinated action to prevent outward financial flows to neighbouring economies – ensuring that development actions are undertaken in a manner which maintains capital within the Strip; effectively utilising local assets. This multi stakeholder-produced SLED strategy is an important tool for poverty alleviation, local job creation, enabling sustainable growth, and strengthening the resilience of the local economy. It seeks to empower the creation of responsible new businesses and start-ups, strengthen existing businesses, create manufacturing that provides local jobs, and strengthen policymakers' understanding of how the local economy works.

The blockade of Gaza demands a flexible approach that is orientated on what has already been proven to work. This design facilitates linkages and interaction with formal infrastructure-based initiatives without becoming bogged down in bureaucracy or more complex challenges, whilst having a focus on positive, quick and effective outcomes.

Due to the constraints resulting from Palestinian division, the process of SLED institutionalizes local ownership, leadership and action, empowering the private sector, other stakeholders, and communities of place and interest to strengthen joint decision away from political lines, whilst still contributing thinking and action to national policy and implementation.

The SLED approach targets the significant financial outflows from the Gazan economy, providing a framework for local policymakers, institutions, investors and international donors that ensures investment and INGO programming is undertaken in a coordinated manner that enhances local multipliers.

The SLED strategy also provides an opportunity for Gaza to establish legal and institutional frameworks that formalize the relationships between public and private actors entering into Public-Private Partnerships (PPPs).

The role of local government

An institutional framework is an essential prerequisite for the successful implementation of a Sustainable Local Economic Development strategy within the Gaza strip. Local Government Units (LGU) and municipalities play a pivotal role in coordinating SLED activities and communicating with other stakeholders.

In the Gaza context, however, very little in terms of an institutional framework for SLED exists. LGUs are not mandated to coordinate the implementation of a Local Economic Development strategy, with no explicit reference to such a role provided under the Local Government Law of 1997⁷. Additionally, the Strategic Framework for the Ministry of Local Government (2010-2014)⁸ includes goals related to empowering institutional capacities, promoting governance, and partnerships, yet, the underlying framework does not empower LGUs to undertake coordination of development actions.

⁷ *The Local Government Law of 1997*. Palestine. 12/10/1997

⁸ *The Strategic Framework for The Ministry of Local Government*. Palestine. 2010-2014

The currently legal framework for local government defines a single set of 27 functions for LGUs, however a major UNDP study, undertaken with the support of the Government of Denmark⁹ found that few, if any, LGUs currently perform all these functions. This problem is seen most acutely in Gaza, where the report found municipalities delivering on fewer of their functions than their West Bank counterparts.

As noted above, legislative infrastructure for the approach has scope for development, yet considerable will exists on behalf of key stakeholders – most notably the Ministry of Economy – who have coordinated closely with the efforts of actors promoting LED over the past four years.

The role of NGOs and the UN system

Aid remains critical to the Gazan economy, and aid agencies must ensure that humanitarian funding contributes towards the Gazan economy in a way that promotes the creation and growth of sustainable local enterprise. An example of where large-scale humanitarian programming has been used to stimulate local growth has been through the WFP/Oxfam E-voucher food programme, which provides beneficiaries with credit to spend on essential items at local shops. The approach, which uses local retailers for distribution, has increased turnover, ensured employment for the staff and suppliers of participating outlets, and increased investment into local manufacturing. It has also prioritized local produce over imports, creating economic opportunities for producers throughout the strip. Approaches such as this provide significant return on investment into Gaza, creating local multipliers and maintaining capital in the locality.

Since 2011, Local Economic Development has grown in prominence as an approach that has been advocated for by NGOs and actors within the UN system. PalTrade, Oxfam and other partners, under the rubric of the Danish-funded Economic Recovery in Gaza Strip (ERGS), have worked with other actors to promote the approach within Gaza. Larger agencies, including the United Nations Development Programme (UNDP), the International Labour Organisation (ILO) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), have all been engaged in LED-related activities, and have contributed thinking to the SLED strategy development process.

Activities have sought to promote the LED approach, and build the capacity of LGUs and other key stakeholders. Initiatives have raised awareness on the importance of SLED as a strategic tool for social and economic recovery. Newer projects have been undertaken in light of increasing economic decentralisation at a local level, which enables LGUs greater flexibility, within the scope of national policy.

The role of the private sector

The private sector plays a significant contribution in developing the local economy as they employ the majority of the workforce, however they could be employing an even greater percentage of the population who are currently unemployed. Considering this role, the private sector together with public and third or civic sector should combine efforts to plan and implement the strategy.

⁹*Update on Major Interventions in the Local Governance Sector since 2004*. 2009, United Nations Development Programme/Programme of Assistance to the Palestinian People (UNDP/PAPP). 2009

Chapter 2: Methodology, Context Analysis and Recommendations



Methodology

This document is the cumulation of an extensive, multi-stakeholder consultation process, which engaged senior representatives from the private sector, national ministries, local government units, UN agencies, trade unions, and national and international organisations. Consultation was undertaken in the form of a large-scale process of interviews, workshops and focus-group discussions, the results of which are summarised herein.

Engagement with key stakeholders was framed within the analytical framework outlined above, and structured around the seven strategic pillars:

1. Responsible and competitive business sector
2. Positive local money flows
3. Public Sector and Civil Society responsiveness
4. Interdependence
5. Identified, linked and accessible asset base
6. Environmental sustainability
7. Strong Civic Voice

Participating Agencies and Actors

Organisations participating in the consultation process were invited on the basis of the relevance of their work and mandate to each of the respective pillars. The table below presents the stakeholders engaged, disaggregated by pillar, and the number of individuals from within each organisation consulted under each pillar.

Pillar	Business Sector	Money Flows	Responsiveness	Interdependence	Asset base	Environment	Civic Voice
	1	2	3	4	5	6	7
Academic experts	10	3		3	8	4	
Banks and financial institutions		7					
Consultants in Sustainability and Environmental Issues						4	
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)				1			
Development Alternatives Incorporated				1			
General Personnel Council (GPC)			5				
Ministry of Agriculture			2			2	
Ministry of Finance		2	3				
Ministry of Health			2				
Ministry of Higher Education			2				
Ministry of Interior			3				
Ministry of Labour			5				
Ministry of Local Government			4				
Ministry of National Economy		2	5	3		2	
Ministry of Planning	3		3		3		

Pillar	Business Sector	Money Flows	Responsiveness	Interdependence	Asset base	Environment	Civic Voice
	1	2	3	4	5	6	7
Ministry of Social Affairs			4				
Ministry of Women's Affairs			2				
Municipal Development and Lending Fund			1				
Municipality of Abasan al-Kabira			3				
Municipality of Bait Lahia			4				
Municipality of Beit Hanoun			4				
Municipality of Dier El-Balah			5				
Municipality of Gaza			5				
Municipality of Jablia			4				
Municipality of Khan Younis			5				
Municipality of Nusairat			5				
Municipality of Rafah			5				
Oxfam	3	3		2	3	1	
Palestine Information & Communications Technology Incubator (PICTI)				2			
Palestinian Businessmen Association	4				4		
Palestinian Energy and Natural Resources Authority			2				
Palestinian Federation of Industries	16		3	2	16		
Palestinian Monetary Authority	2	5	2	2	2		
Palestinian Water Authority (PWA)						2	
PalTrade	3	4		2		3	
The Environment Quality Authority (EQA)						1	
The federation of Palestinian chambers of Commerce, Industry and Agriculture (FPPCIA)	1		2		1		
Union of Agricultural Work Committees (UAWC)	3				3	3	
United Nations Development Programme (UNDP)				1		1	
United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)				1			
Grand Total	45	26	90	20	40	23	

Structure

Hereafter follows the outcomes of the engagement process, structured around the framework of the aforementioned seven pillars, including: context analysis, an asset-based assessment of the opportunities and challenges for SLED in Gaza, and recommendations for strategic intervention to support inclusive growth, grouped into strategic objectives and recommendations.

Pillar 1: Responsible and competitive business sector

Context Analysis

What is going well?

Private Sector Resilience

The private sector has shown a high level of resilience during the blockade of Gaza. During a decade of economic volatility and political instability, the Palestinian private sector has proved its dynamism and ability to adapt to changes, emerging from uncertain and volatile conditions with new survival strategies that have uplifted the whole economy. The private sector has proven to be robust, especially when meeting local needs for services, construction, and agriculture and food related products.

Contribution to GDP

The services sector has been particularly robust and accounts for a significant proportion of private sector activity in Gaza. Palestinian Central Bureau of Statistics (PCBS) figures for 2015 show the sector accounting for the majority of economic activity in the Gaza Strip in terms of fixed prices at around 59% of GDP.

Almost 80 percent of tax revenues come from the private sector. Given the significance of informal (i.e. unregistered) businesses in Gaza, there is potential for strengthened revenues and funding for improved services to be gained from an increase in registration. The private sector continued to be the main source of bank deposits in Q3/2016, accounting for 77.9% of total deposits¹⁰.

Industrial and agriculture sector contribute 8.03 and 4.2% to GDP, respectively. Both sectors can benefit significantly from increased local production of currently consumed goods. There is a thriving construction sector, accounting for 10.6% of GDP in 2015, compared with 4.5% in 2014. Whilst this growth stems directly from the major reconstruction efforts undertaken in Gaza following the conflict of 2015, it suggests that the skills and infrastructure are in place to support further growth in this sector should the blockade be removed. Further, private sector investment in construction accounted for 60.0–85.8% of total investment in the industry, most of which was directed into housing; some of which could be redirected into the production of local products.

¹⁰ *UNSCO Socio-Economic Report, Q3/2016*. Office of the United Nations Special Coordinator for the Middle East Peace Process. 2016. <http://www.unsco.org/Documents/Special/UNSCO%20Socio-Economic%20Report%20Q3%202016.pdf>, accessed 17/05/2017.

Employment

The private sector plays a significant role within the economy of Gaza by employing 53.4% of the work force. Over than 90% of private firms in Gaza are SMEs, which have a propensity to employ and buy locally – increasing the local multiplier.

96.8 % of employees in the private sector work full time¹¹. Formal employment, however, remains limited, with 63% of employed workers holding no contract and a further 12.6% operating on fixed-term contract. Interventions should aim to increase the overall number of workers on fixed-term, formal contracts above the current 21.3%. Activities should also seek to raise the wages of the 71.7% salaried employees that earn less than the 743 NIS per month minimum wage.

Relationship with Aid

International donors invest very significant amounts of money into Gaza and are more and more being encouraged to switch this investment into sustainable development projects. Should donors be persuaded to irrigate this investment more widely, by applying their funding to the priorities of this plan, a significant further improvement for the local economy is foreseen.

Opportunities and assets

Gaza has very significant local sectors with key assets that are not yet deployed to full potential: including – but not limited to – the ICT, dairy, agri-business, and textile sectors. All these sectors see significant quantities products being brought into Gaza that can be produced locally. These sectors of the local economy can be improved through interdependent planning and working, and disciplined and measured inwards irrigation of investment.

Activities should seek to increase quality of produce, as well as support diversification, productivity and scale of manufacturing and services. In supporting these sectors – within the Gaza context, most of which are SMEs – the donor and investor community can leverage access to market benefits for those on low incomes, particularly women and youth.

Sectoral Analysis

ICT

ICT firms in Palestine represent gateways to markets that are otherwise inaccessible, given the borderless nature of the sector. Skilled ICT labour costs are competitive, and there are an estimated 10,000¹² qualified Palestinian workers available for employment in this sector, with large opportunity for international freelance services¹³. Palestine's human capital in the ICT sector is comprised of an engaged, knowledgeable and creative workforce, with strong languages skills which further boosts competitiveness in the international marketplace. ICT is a diverse field with numerous applications across all sectors.

¹¹ *Labour Force Survey*. Palestinian Bureau of Statistics. 2016

¹² *Technology Capacity Building Initiative, Fact Sheet*. Office of the Spokesman, Washington, DC. December 17, 2010.

¹³ Officials from the Palestinian Ministry of Telecoms and Information Technology estimate that the local market has the potential to employ around 60% IT graduates.

Furniture

Palestinian furniture has a high niche value in Western European and Gulf markets. Furniture industries have diverse production lines, strong management commitment, a well-established industry association, and strong industry partnerships. Palestinian furniture products have the potential to compete successfully against other products from the region in terms of design, quality, consistency, and value. The furniture industry is a well-established sector in Gaza and includes highly skilled and experienced workers producing high-quality local designs.

Fishing

Gaza is historically a source of skilled workers in the maritime industries, and since the blockade have developed sought-after skills in shallow-water fishing. Recent years have seen a growth in fresh-water fish farming, which is providing Palestinians with a new source of competitive quality fish supply – reducing dependence on imports from Israel through companies such as Albahar, Fish and Fresh, and Kuhail.

Fish farmers have a stronger control over their environment than those working in the fishing industry at sea, and are thus able to apply more stringent health and safety standards. Fresh water farmers are currently working to develop hatchery eggs, as eggs and fresh fry are currently imported from Israel. Across the fish sector, there also remains great opportunity to develop post-harvest processing to add value to goods.

Dairy

With targeted support the dairy industry has been expanding, diversifying, greatly improving quality and profitability, and is fast replacing a diverse range of imported products. Several dairy businesses also now have forward procurement contracts with small-scale producers, strengthening internal market linkages and the local multiplier.

Food processing

The food processing industry has also seen examples of expansion and improved profitability – in some cases producing retail packs for supermarkets, replacing exports. Activities such as the Buy Local campaign have done much to address perceptions of locally-produced goods, which have previously been viewed as inferior to imports. Prior to the blockade, the agriculture sector employed over two thirds of the Gaza workforce, a short distance away in the West Bank and Israel.

What are the Challenges?

All sectors in Gaza are limited in opportunities for growth and competitiveness by high production costs: stemming from limited economies of scale, high prices on imported inputs, and a double taxation system. Such costs are further compounded by complex border procedures, incurring repeated procedural expenses and delays, further undermining competitiveness.

The competitiveness of Gazan business is also limited by poor access to affordable soft financing and loan guarantees, imports that are not subject to local inspection, and a fragile context which disincentivises investment in agriculture and manufacturing.

Industry

Industry is constrained by limitations on import of a number of key materials, and the dumping of exports on the local market by external businesses. The sector also suffers from inefficiencies, and a shortage of laboratory testing and facilities for standardisation. The blockade prevents the export of the majority of products, and in the limited areas in which export is permitted, export incentives are absent. Further, industrial investments are generally not protected against political and security risks, and inspection of imported products and an albeit diminishing public perception of their quality present an unfair advantage over locally-produced products.

Regulation is governed by procedures and ministerial responsibilities that are frequently overlapping, causing confusion and ambiguity. Restrictions on import and lack of capital also result in machinery remaining un-upgraded and preventive maintenance not being undertaken. Interruptions in energy supply and high fuel costs also play a large role in impeding Gaza's industrial development.

Agriculture

Once the core of Gaza's economy, seeing 11,842 truckloads leave the enclave for the West Bank and wider export prior to the blockade (1997-2006), agricultural export has all but ceased over the last ten years, with farmers able only to sell within Gaza's borders. This isolation has limited access to new technology, machinery and skills. Crucial inputs such as fertilizers, non-lethal pesticides, greenhouses, and pipes for irrigation are prohibited from import by the Israeli authorities. The Israeli imposed "security buffer zone" along Gaza's northern and eastern borders contains 20% of arable land, and is inaccessible and insecure. Water is in short supply, underground reserves are salty and polluted, and essential materials for irrigation are difficult to access. Income from farming is low, unpredictable and undependable, particularly given that the majority of Gaza's agriculture is rainfall-dependent.

Capacity Building

Few of Gaza's citizens have the opportunity to travel abroad, limiting opportunities for international learning and development. Many enterprises are characterised by low levels of competency and strategic thinking at senior management level. More than 90% of private firms are classified as small, family administered businesses, and suffer from associated problems related to financing and promotion, and access to technical assistance, raw materials and other business essentials. Whilst the Gazan education sector is strong, there remains a lack of professional and academic research centres in genetic research, industrial calibration and development; and coordination between industry demand and tertiary education.

Policies, regulation and infrastructure

There is a lack of cooperation between industrial, agricultural and trade associations, and similarly, integration between private sector priorities and National Development Strategies is weak.

Infrastructure to support development is limited, as is financing for infrastructure; and despite the growing nature of the sector, uptake of IT in business and industry remains weak. Power shortages are a significant impediment to growth, with alternative supplies (e.g. solar and wind) underdeveloped.

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. Improve the enabling environment for business start-up and growth	<ol style="list-style-type: none"> 1. Boost venture capital for start-ups. 2. Encouraging entrepreneurship programs for young women and youth. 3. Estimate infrastructure needs and develop implementation plans for key infrastructure projects. 4. Rehabilitate existing and damaged production lines. 5. Management accounting and soft skills capacity building for start-ups.
2. Strengthen the competitiveness of Gazan goods and services in local, regional and international markets	<ol style="list-style-type: none"> 1. Establishing export support and promotion funds. 2. National Initiative for supporting the production of local products. 3. Support projects to promote trade and industrial activities (management and personnel, production capacity, financial capacity). 4. Tax and customs exemptions for raw and semi-processed materials used in production and manufacturing to avoid double taxation. 5. Establish an institute for quality and safety inspection for raw materials entering Gaza. 6. Strengthen the Palestinian Standards Institute (PSI), linking the body with the Buy Local logo.
3. Increase the share of locally-consumed goods that are produced in Gaza	<ol style="list-style-type: none"> 1. Reforming the taxation system to incentivize the production and use of local products and services. 2. Support the establishment of a Customer Protection Agency, and build consumer awareness on the quality of local products.
4. Institutional capacity building in the principles and practice of responsible business for the private sector	<ol style="list-style-type: none"> 1. Promote and build capacity in triple bottom line business planning with economic, social and environmental objectives. 2. Plan and deliver activities for institutional capacity building in the principles and practice of responsible business for the private sector. 3. Investment into and plan for a rollout of capacity building workshops for institutions and business in responsible business practice
5. Plan to develop market and product research and development (R&D) capacity in Gaza	<ol style="list-style-type: none"> 1. 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. 2. Plan for improving the availability of local and export market based information, including research and feasibility studies to encourage growth and attract investment
6. Promote access to ICT for services, agriculture and industry.	<ol style="list-style-type: none"> 1. 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. 2. Develop ICT Infrastructure

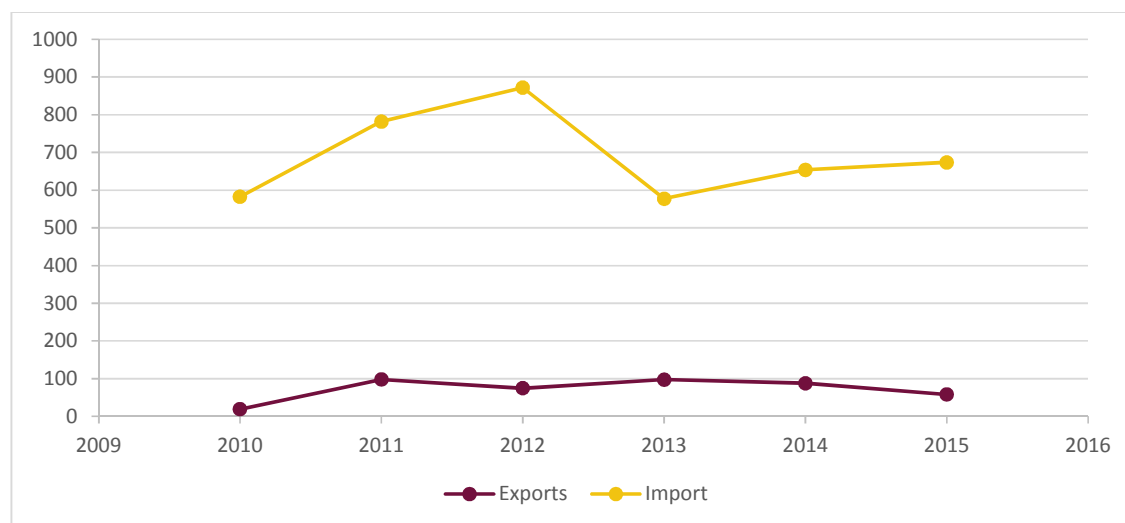
Strategic Objectives	Programmes and initiatives
7. Building the entrepreneurship capacity in the private sector, and encourage creation of decent job opportunities.	1. Capacity building to promote trade and industrial activities (ICT, management and human resources, production capacity, financial capacity).
8. Strengthen collaboration between businesses, and promote information sharing through database and consortium-building with the private sector, NGOs and public institutions	<ol style="list-style-type: none"> 1. Identify, promote and strengthen awareness of local assets valuable for business development. 2. Plan for improved Interdependent working to increase the competitiveness of local business 3. Exchange expertise in R&D programs to link entrepreneurs in agricultural and industries with the outside world. 4. Develop a shared framework for improved business information flow, streamlined procedures and demonstration programmes.

Pillar 2: Positive local money flows

Context

Money flows into Gaza through a range of channels, specifically public revenues, external support (foreign aid), a limited number of exports, credit facilities, and Foreign Direct Investment (FDI). It is further retained and circulated through spending by local consumers, businesses and government actors on local products and services.

Export and import – Gaza Strip



Gaza is highly import-dependent, with exports negligible due to the blockade. Further, partly as a result of handling costs and double handling, imported raw materials are highly expensive, which has a negative impact on transaction costs for local production. Imports of most consumer goods are freely allowed into Gaza, and a key goal of this strategy is to support import substitution. Interventions in the economy of Gaza should work towards ensuring that the cost of local production is competitive with imports, and that value that can be added to support demand for high-quality local products (value proposition).

The strategy seeks to build genuine demand for local products, built on quality, and potential for local economic growth and employment. This approach is opposed to marketing goods on the basis of “solidarity”, which, in the experience of PalTrade, have limited appeal if not coupled with a genuine value proposition.

What is going well?

Aid and Governance

There is strong motivation across key stakeholders in the aid and governance sector to examine opportunities to measure spending and re-spending in Gaza using the LM3 methodology. Such an approach will enable better tracking of local reinvestment across all sectors, and improve the targeting of aid and government support programmes.

The Danida-funded *Economic Recovery in the Gaza Strip* project has provided economic literacy workshops, and supported the delivery of a buy-local advertising campaign – creating understanding of and motivation for local multipliers in Gazan consumers and private sector actors. The same project has worked with WFP to support a move from 10% to 100% local supply of aid-voucher commodities. The move, which was showcased at the World Economic Forum in Davos, has helped local processors to grow their income; and has strengthened investment, employment, diversification and distribution, and together with the Buy Local campaign has increased local appetite for local products.

A range of development actors, including local authorities, the Bank of Palestine, the Palestinian Authority and international donors are delivering enterprise development programmes aimed at small scale business start-ups, which seek to irrigate the benefit of investment more widely, with a particular focus on vulnerable communities.

ICT

Gaza's ICT sector has grown rapidly, with a 15% increase of investment in ICT¹⁴ between 2012 and 2016. The sector is highly dependent on local employment, with 90% of employees drawn from and spending within local communities. This can be contrasted with historical data, wherein the majority of companies sourced employment from outside of Gaza. ICT employs over 5,000 people with an estimated 10-15,000 people indirectly employed in the sector; 5-10% of which are women. There is a strong positive correlation between direct investments in ICT and an irrigated local multiplier through wider job creation.

Furniture

Prior to the decision by Israel to ban imports of wood planks of a thickness of more than one centimetre, the local furniture industries dominated the local market with around 75% market share. The average wage in the furniture sector stands around 2,000 NIS per month, considerably higher than the minimum wage. Highly skilled furniture manufacturers can earn significant income, at around 100 NIS a day. In the past, export of furniture represented 20% of local production (15% to Israel and 5% to areas other than Israel).

Fish

Fish farming in Gaza covers more than 90% of the local market for *danis* and *faredi* and employs all local fishermen. The sub-sector has grown by 46% between 2014 to 2015, and now accounts for 6% total local fish produce – supplying inputs to other sectors, such as restaurants. The wider fishing sector in Gaza has highly skilled fishermen sought after in Egypt for their shallow water fishing skills. The sector has also shown strong potential for women's employment, as intermediaries between farmer and retailers.

¹⁴Expotech Palestinian Technology Week. 2016

Dairy and Agro-business

Investment from donors into the dairy sector has shown a good return on investment and has further potential for growth, diversification and import substitution. Agro-business accounted for 52% of local market share prior to the decision by Israel to ban imports of wood planks of a thickness of more than one centimetre. The sector employs around 9,700 workers, with average wages of around 1,400 NIS, well above the minimum wage¹⁵. There are estimated to be around about 1,500 firms in the sector, most of which are small firms which tend to drive a higher local multiplier.

What are the challenges?

Public Expenditure

Significant amounts of money are lost from the local economy each year from the public purse. Such losses can be attributed to a range of factors, including the existence of two separate state budgets in Ramallah and Gaza, and an absence of transparency in public spending and revenue collection. At a strategic level, no mechanisms are in place to measure or multiply local re-investment – for example in accounting for the local multiplier in public tendering. Leaks from the public purse also include large security budgets (which have limited opportunity for local irrigation), tax evasion, public corruption, and high levels of public debt (and subsequent interest payments).

Infrastructure and Services

Whether at a household, commercial or industrial level, large sums of money are spent on imported means for alternative power supply (including batteries, solar equipment etc.). In a context of poor supply and widespread unemployment, revenue collection in the electrical sector is low, with Gaza Municipality reporting during focus group discussions that approximately 70% of households do not pay bills¹⁶. This reduces the ability of the authority to invest locally in infrastructure and to irrigate this investment through the local multiplier.

Since November 2013, humanitarian agencies and donors have spent over USD 11 million in emergency fuel support to critical service providers, which could have been spent on schemes to incentivise renewable energy infrastructure manufactured by local producers.

Imports

Shortage in local supply, tight import restrictions, and unjustifiable shipping cost makes imported goods expensive relative to those found in other countries of the regions. Restrictions by Israel have increased the cost of using the distribution channel and thereby the costs of imported goods.

Foreign aid

Whilst significant progress has been made in recent years, much of the aid that flows into Gaza retains a humanitarian focus. Whilst justified in the light of repeated humanitarian crises stemming from repeated conflict and invasion, essential services and reconstruction efforts have been placed ahead of development projects, which have the potential for greater long-term impact through local financial irrigation and the local multiplier.

Coordination within the aid system and between aid and government actors has been weak, and characterised by a lack of transparency. There is no clear and coordinated vision for the use of foreign aid to develop the Gazan economy; nor are there plans at a government level to guide or employ aid to the full benefit of the local economy – a challenge compounded by political division.

¹⁵ Union of Agricultural Work Committees (UAWC). 2016

Foreign aid to Gaza has traditionally motivated consumption over development, with a relatively small proportion directed to economic development activities. Health and Education sectors have received a relatively small percentage of aid, about 2.5% and 2.3%, respectively¹⁷. Agriculture's share was even lower with about 0.9%, while Tourism received about 0.1%. Private sector development and employment generation received about 0.3% and 0.2% of total foreign aid, respectively¹⁸.

Humanitarian assistance constitutes about 78.9% of foreign aid, compared to around 21.1% for development assistance¹⁹. While both have the potential to be economically irrigated and therefore multiplied, development assistance is more likely to support the local multiplier in sustainably growing the local economy.

Aid to Palestinians is consumed and not invested and further irrigated, therefore whilst valuable in emergencies, it is not effective in terms of longer term sustainability and promotes dependency. Further, aid transfers to non-productive sectors adversely affects growth by consuming more imported materials.

Leaks from credit and Banks

The cost of business borrowing remains high, with the majority of financial products available on the Gazan market targeted at boosting consumption. Further, the availability and uptake of personal loans has risen at an alarming rate since 2008.

The cost of credit for long term investment is high, with limited availability. Credit facilities for economic sectors such as agriculture and industries are also limited. Women and young people in particular have difficulty accessing funds for business start-up.

There is no clear social responsibility plan from credit providers. Poor financial inclusion and investment experience increase financial risk through sub-prime loans.

¹⁷*The economic and social effects of foreign aid in Palestine*. Sakher et al, Palestinian Monetary Authority. (2011)

¹⁸Ibid.

¹⁹Ibid.

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. Promote the efficient use of Gaza's resources.	<ol style="list-style-type: none"> 1. Form a regional economic council specifically for the Gaza Strip. 2. Joint planning initiatives at policy, institutional and community levels. 3. Programs to build capacity in economic literacy at community, institutional and policy levels. 4. Identify activities to multiply the value of inwards investment through economic irrigation.
2. Production of a multi-market system stakeholder plan to increase the effectiveness of money flows within Gaza.	<ol style="list-style-type: none"> 1. Encourage and measure local production of locally consumed goods 2. 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. 3. 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 4. Develop a strategic plan for improving local money flows within all sectors 5. Provide specialized or cooperative bank services for long-term investment into agriculture and industry.
3. Increasing economic literacy at policy, institutional and community levels, and ownership of action to improve local money flows.	<ol style="list-style-type: none"> 1. Reform the Central Government taxation system to invest public revenue from Gaza into Gaza. 2. Reform the revenue system at the LGU level to support revenue creation over revenue collection. 3. Awareness programs in financial inclusion and investment. 4. Investment into and plan for a rollout of economic literacy workshops at policy, institutional and community levels.
4. 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.	<ol style="list-style-type: none"> 1. 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 2. Conduct a needs assessment for public services in terms of maximizing local money flows
5. Institutionalise the promotion of financial stability and sustainability for socio economic development.	<ol style="list-style-type: none"> 1. Establish a council for project portfolio management of foreign aid. 2. Establish strategic business incubators with a focus on import substitution.

<p>6. Develop credit facilities that irrigate economic benefit and contributes towards job creation.</p>	<ol style="list-style-type: none"> 1. Support credit guarantee programs for private sector investment. 2. Establish investment portfolio and venture capital funds for industrial and agricultural sectors. 3. Supply investment and export credit guarantees, utilizing a creative approach for reducing the cost of credit.
--	--

Pillar 3: Public Sector and Civil Society responsiveness

Context

Prior to the agreement of June 2014, two separate governments structures existed in Palestine: one managed by Fatah in the West Bank, and the other by Hamas in the Gaza Strip. In 2014 Fatah and Hamas announced a reconciliation deal and formed a unity government, in an attempt to end seven years of sometimes violent division. The Palestinian Unity Government of June 2014 was a national unity government from 2 June 2014 to 17 June 2015 under Palestinian president Mahmoud Abbas. Ministers were nominally independent, but overwhelmingly seen as loyal to President Abbas. The international community agreed to work with the new government, however the US' reaction was reserved, and the Israeli Government condemned the unity body.

On 17 June 2015, the government resigned under protests by Hamas. In July and December 2015, President Abbas unilaterally reshuffled the cabinet and appointed new ministers – to the condemnation of Hamas. Although Hamas did not recognize the new ministers, the reshuffling was described as "technical and not political", and the new cabinet was presented as a slight modification, still described as a "consensus government". Despite the presence of a "consensus government", the West Bank and Gaza strip are once more divided into two separate and competitive administrations.

The context of public responsiveness

Public responsiveness in Palestine and in particular in Gaza Strip is complicated due of the current political situation. The trajectory of public responsiveness in Palestine collides with external determining factors: particularly the Israeli occupation, Gaza and West Bank separation, Palestinian division, institutional rivalries, financial deficit, and democratic deficit – all of which hinder the implementation of plans and the achievement of their objectives.

The divisions between Hamas and Fatah have resulted in the emergence of parallel and rival responses and plans. This has implications on all levels of government and society and is detrimental to the sustainable development of the Palestinian economy and institutions. With respective authorities increasingly institutionalized, integration becomes more difficult as time passes.

Institutional and personal rivalries have resulted in a lack of clearly developed mandates and responsibilities for different stakeholders, and a lack of capacity for different public institutions. A complicating factor is that within the public sector many key institutions face personal and inter-institutional rivalries, leading to a loss of institutional coherence and integrity within the ministries and public institutions.

The Palestinian National Authority (PNA) face a severe and on-going financial crisis and a large budget deficit, and are thus unable to fulfil commitments towards the Palestinian people. There are no coherent plans for recovery for Gaza's economy. The Coercive separation of the Gaza strip from the West Bank, has worked to thwart planning and create imbalances in financial responsibilities, obligations and allocations between the West Bank and the Gaza Strip.

There has been number of development plans and initiatives developed that suggested ways to improve such conditions and stimulate a recovery of the Palestinian economy. Donors too have considered plans and initiatives to strengthen the capacity of Palestinian governments and of stimulating economic growth. However, the design of such initiatives has been unsystematic, with

the sustainability of these interventions remaining uncertain in the absence of reintegration of the West Bank and Gaza and a viable political agreement between Israel and the Palestinian Authority.

The National Development Plan (NDP)

The National Development Plan (2014-2016), aims to be an agreed strategic policy framework, developed through consultation with the private sector, government and civil society to guide government operation and development. The NDP posits two scenarios: a baseline scenario and an optimistic scenario. The baseline scenario assumes the continuation of the status quo. The optimistic scenario assumes an ease of Israeli restrictions, business friendly climate, full utilization of resources in Area C, ending the internal split and the restoration of trade and financial relations between the West Bank and Gaza Strip.

Analysis of the NDP

During the development of this strategy, key stakeholders in the implementation and monitoring of the NDP (see Participating Agencies and Actors, page 26) were consulted to analyse its progress. Participants noted that in its vision, the NDP focuses on the political dimension with little consideration of socio economic conditions; that its development budget is marginal; and that priorities were insufficiently communicated to and aligned with the private sector.

The group found that whilst the NDP has applied realistic assumption regarding GDP, local revenues, and trade deficit; the costs associated with its implementation are substantial, and will require significant efforts for mobilisation.

It was criticised for avoiding the question over unemployment at the national level; and choosing instead to focus on reductions within certain categories of the unemployed (i.e. university graduates and young people). It was also criticised for lacking indicators for monitoring and evaluation as well as the absence of any mechanisms for measurement of efficiency and effectiveness.

What is going well?

Public sector responsiveness.

Despite the challenges outlined above, the public sector in Gaza is highly active in responding to the needs of business and private citizens. The table below outlines numerous areas in which public sector actors are providing critical services to support economic, social and environmental outcomes.

Actor(s)	Activities
Municipalities	<ul style="list-style-type: none"> The Municipality of Gaza facilitates the registration process for new small business, and has a partnership program with neighbourhood committees to support socioeconomic development. It also manages a project for water catchment, injection-funded by the Islamic Development Bank (IDB). The Municipality of Nusairat has plans to facilitate infrastructure for SMEs The Municipality of Khan Younis has plans to organise the city centre to attract investment. The Municipality of Abasan Al-Kabira has LED strategy to support SMEs.
Ministry of National Economy	<p>Between 2008 and 2016, the Ministry of National Economy facilitated funds from donors to 852 projects, 10% of which targeted women. It supports transparency through the publishing of selected projects, and coordinates with key private sector stakeholders through the Chamber of Commerce and the Palestinian Federation of Industries (PFI)</p> <p>The Ministry of National Economy supports consumer rights, through a daily price-tracking system on their website and a manual on customer protection. It offers similar support to the enabling environment for the private sector, holding responsibility for trademarks; promoting investment through the Palestinian Investment Promotion Agency; and providing funds for SMEs.</p>
Ministry of Agriculture	The Ministry of Agriculture provides training courses in pesticide use, is preparing a strategy for scientific research into agriculture, and manages a detailed statistical database on livestock and farming.
Ministry of Health	The Ministry of Health publishes research on the health environment in Gaza; in addition to supporting medical waste management, and a range of partnership programmes with UN agencies and other donors.
Ministry of Higher Education	The Ministry of Higher Education supports Technical and Vocational Training (TVT), and provides funding to link universities and trade unions with TVT.
Ministry of Local Governance	The Ministry of Local Governance manages a range of waste-disposal projects.
Other	The Palestinian Investment Promotion Agency has plans to provide financing to of approximately 10,000 USD to around ten SMEs. Additionally, a consortium of the Ministry of Finance, Ministry of Agriculture, Palestinian Investment Promotion Agency and The Ministry of Awqaf (Endowments) and Religious Affairs, aims to encourage SMEs with shared funds from across their ministries.

Contribution of Civil Society: Industry associations, INGO/Donors

The Palestinian Information Technology Association of Companies (PITA) represents more than 150 major ICT companies in Palestine's has recently been at the forefront of development initiatives in ICT. PITA has become the driving force in advancing the ICT sector's interests, and the leading information source about this sector in Palestine.

Mercy Corps' *Knowledge Based Transformation* (KBT) portfolio of programmes aims to support the expansion of ICT technology enabled industry in the West Bank and Gaza; through capacity building and market linkage support to existing ICT companies, entrepreneurship and technical training, and education and workforce development.

International donor cooperation from GIZ, USAID, JAICA, AFD, Denmark, Switzerland, Sweden the United Kingdom and the EU have enabled initiatives that have produced a more attractive business case for sector investment. Further, Danida, SIDA and SDC support coordinated joint development programming.

Oxfam has developed and introduced a model for accessible business start-up competitions, and together with MercyCorps, has founded an ICT forum which coordinates business start-up activities for young people in ICT.

USAID is developing the potential of the Palestinian ICT sector by encouraging partnerships between Palestinian firms and American IT companies or multinational firms based in Israel. These partnerships - implemented under the *Compete* program - increase exports, improve skills and develop new market channels.

The Wood Industry Association (WIU) and Palestinian Federation Industrial Union provide advocacy and lobbying, guidance on registration, and awareness sessions on the life cycle of products. They also provide export facilities, and support job creation with IDB, UNRWA, and PalTrade, and organize specialized exhibitions and trade visits in Gaza and abroad.

The Danida-supported Oxfam Economic recovery in Gaza strip project has supported the development of this SLED strategy. It also works with businesses across the ICT, Dairy and Agri-processing sectors to increase productivity, and has successfully advocated for a much greater focus from donors on development funding and programming for Gaza. The project has also built linkages with humanitarian action, promoting locally produced products under the WFP voucher programme.

What are the challenges?

Trade, Financial and monetary policy

A key impediment to business in Gaza stems from public sector inefficiency and lack of coordination: specifically, in relation to the double taxation system, which penalises registered businesses and contributes to the growth of the informal economy. Public sector expenditure is dominated by salaries, leaving limited resourcing within the development budget. Policies targeted at import substitution have failed, as attempts to stimulate agriculture and industry.

Employment:

Numerous projects to stimulate employment exist, but most projects are short-term – ranging between 2-11 months – and have not resulted in sustainable jobs. These projects have identified areas for employment that are not grounded in a thorough market assessment, and have overwhelmingly focused on recovery efforts and low-skilled work, for example street cleaning. Further, few, if any jobs created under such schemes provide employment in the private sector.

Legal environment and institutional issues:

Regulatory procedures are seen as complicated and confused, discouraging the production of local products. Macro-economic development policies have not been built in a way that enables the private sector – particularly in relation to monetary policy, taxation, trade, and land-rights.

There is an evident lack of coordination between donor agencies and international institutions on one hand, and the public sector on another, minimizing benefits and duplicating efforts. Further the distribution of mandates, functions and budgetary responsibility between SLED-relevant ministries and agencies is often confused and unclear.

Whilst public and private sector institutions have agreed to work more closely together, there is no clear vision for cooperation, and a comprehensive program for supporting industry is lacking. There is also a shortage of market information and databases available to the private sector and other stakeholders to support planning and investment, and a failure to enact laws and regulations appropriate to a thriving enabling environment for business.

Social services

Education has deteriorated severely in recent years, struggling to cope with recurring conflict and a rapidly growing population. Occupancy rates have increased alongside a drop in teachers per student; labs, playgrounds and vocational training are all poorly provided; and there is little alignment between the needs of industry and the education provided in public schools. Truancy rates are also high, as are drop-out rates – particularly in marginalised groups. Quality is felt to be reducing with the increasing number of licenses being distributed, and no coherent vision for impact assessment exists in Gaza.

Similarly, access to high-quality medical services remains low, a challenge compounded by the impact of multiple conflicts. There exists a lack of sufficient numbers of qualified medical doctors to meet the needs of Gaza's growing population. Medical supplies, equipment and spare parts are likewise in short supply.

More generally, social services as a whole lack sufficient monitoring and evaluation mechanisms, meaning improvements in service cannot be tailored to needs, based on evidence. There are no clear plans for development of the education, social affairs, and health sectors, with limited financial resourcing for education and health.

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. Work with market system stakeholders to co-produce and monitor a sustainable economic, social and environmental development strategy and with accompanying policies	<ol style="list-style-type: none"> 1. Develop a National Strategic SLED Strategy and Masterplan for the acceleration and expansion of Gaza's economic development. 2. Develop a strategy – with specific reference to leadership and entrepreneurship – to economically empower low-income women and youth. 3. Review the Paris Agreement to encourage foreign trade. 4. Provide short-term import protection for locally produced products to create fairer trading conditions without reducing competitiveness 5. Introduction of LM3 measurement and planning for all government spending, and supporting decision-making that promotes inwards investment.
2. Develop the capacity of public authorities in SLED	<ol style="list-style-type: none"> 1. Develop a legal framework for the institutionalisation of SLED into public structures and the integration of SLED into the Palestinian Budget. 2. Develop the Palestinian budget to better reflect community needs. 3. Strengthen the role of the Palestinian Investment Promotion Agency. 4. Capacity building programs in sustainable development for members of the Palestinian legislative council, and policy makers in LGUs, central government and NGOs.
3. Develop a Learning and Skills Council to better align education with the needs of industry.	<ol style="list-style-type: none"> 1. 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. 2. Support capacity building in the understanding of social capital (networks, norms and trust).
4. Enforcement of regulation, ensuring good governance and institutionalized socio-economic development.	<ol style="list-style-type: none"> 1. Impose strict restrictions on and inspection of informal economic activities. 3. Protect copyright and intellectual property. 4. Improve trust between government and non-government services. 5. Achieve governance, transparency, clarity and accountability through legislation, laws, norms and values.
5. Provide decent public services.	<ol style="list-style-type: none"> 1. Needs assessment for public health, education, and social affairs.

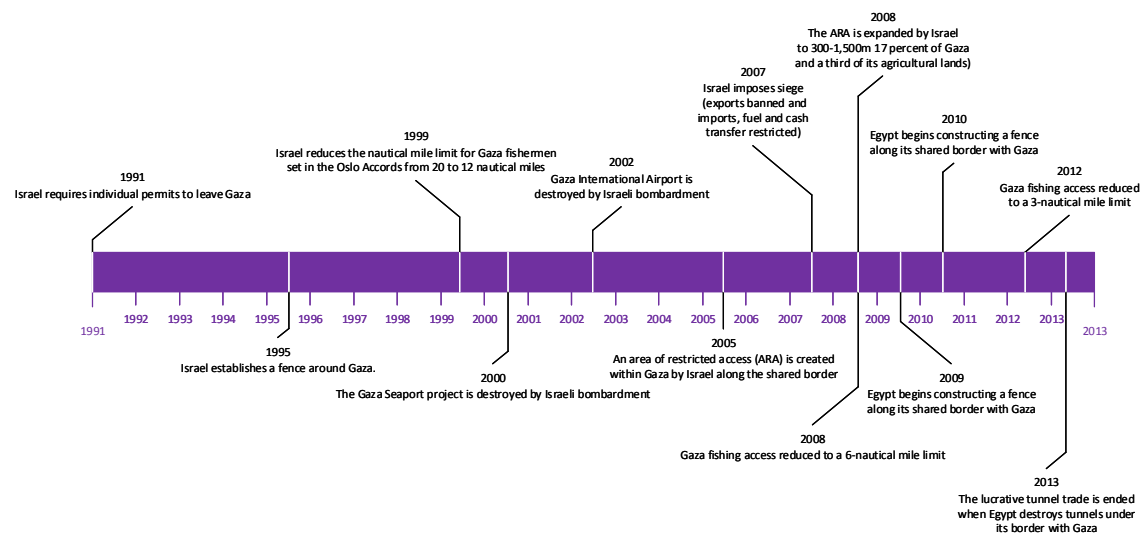
Pillar 4: Interdependence

Context

Gaza's interdependence with the outside world is predominately determined by the access policy imposed on the strip by the Government of Israel – which restricts the movement of goods and people in and out of the territory.

Freedom of movement for goods and people deteriorated rapidly in 2005, when Israel unilaterally withdrew its settlers and redeployed its troops from Gaza. In that year, Israel dramatically restricted the number of exit permits for Palestinians seeking to leave Gaza. These restrictions were further strengthened following the takeover of Gaza Strip by Hamas. To this day, the Israeli blockade associated sanctions continue to shape the life and economy of Gaza. The effect of the blockade has been to separate Gaza from the rest of occupied Palestinian territory and the outside world.

A timeline of the blockade



What is going well?

The Palestinian Authority benefits from free trade arrangements with the United States, Canada, the EU, and the European Free Trade Association (EFTA). A trade agreement signed with Russia grants a reciprocal *Most Favoured Nation* treatment for Russian products in the Palestinian market and vice versa.

Both Egypt and Jordan have signed trade agreements stating bilateral duty-free status and reduced duties on certain products, while Saudi Arabia has granted some Palestinian products preferential treatment. The *Interim Free Trade Agreement* with Turkey grants duty-free treatment to industrial products. The Palestinian Authority has also concluded a free Trade agreement with Mercosur countries (Brazil, Argentina, Uruguay and Paraguay).

Within Gaza, an estimated 50% of ICT companies have partnerships outside Palestine²⁰. There are strong levels of experience sharing within the fish-farming industry, where Gazan farmers with international experience have been able to bring international practices to the strip.

There are now many development initiatives within Gaza that bring together sector level multi-stakeholder fora creating common vision and interdependent action, the success of the multi-stakeholder commercial-grade Buy Local campaign and the creation of this multi-stakeholder SLED strategy are but a few amongst many interdependent initiatives.

The European Union and the United Nations Development Programme (UNDP) have launched a new programme to rehabilitate and consolidate the Gaza Industrial Estate (GIE). The GIE is intended to work as a catalyst for industrial development in Gaza once fully operational. Further, Gaza has twinning arrangements with nine cities world-wide, including Barcelona in Spain, Dunkerque in France, and Tabriz in Iran.

What are the challenges?

Travel between Gaza and the West Bank

There are only two crossings through which people (as opposed to goods) are permitted to travel to and from the Gaza Strip: Erez (to Israel) and Rafah (to Egypt). Since the closure of three of Gaza's other crossings – Karni (2007), Sufa (2008) and Nahal Oz (2010) – Gaza has only one other crossing: Kerem Shalom, which is used solely for goods.

Until the war on Gaza 2014, Israel allowed passage through Erez only "in exceptional humanitarian cases, with an emphasis on urgent medical cases", with special permits available to some merchants. After the cessation of hostilities, Israel eased some criteria for travel from Gaza, but restrictions remain exceedingly narrow, and access for some humanitarian agencies has become increasingly difficult.

Travel from Gaza to the outside world

Most travel from Gaza to the outside world takes place through Egypt, via the Rafah crossing, however since the coup in Egypt in 2013 access to Egypt has become increasingly limited. From January - September 2015, Rafah Crossing was open on 27 days only, of which four saw travel from Gaza to Egypt barred. Travel outside of Palestinian territory is further complicated by the fact that approval for travel must be approved by Israel.

Foreigners travelling to Gaza

Since 2005, access to Gaza for the purposes of tourism has been prevented by the ongoing blockade, with visitors discouraged by foreign governments. No foreigner can enter Gaza without a specific permit from the Israeli Military. Foreigners travelling to Gaza are often subjected to extensive questioning from immigration officials. Visitors are subject to delays, interrogation, denial of entry, and often denial of access to lawyers, consular officers, and family.

Health, social life and knowledge transfer

Travel outside of the strip is required when seeking specialist medical treatment, given the limited facilities in Gaza. In order to receive what is often vital medical treatment, Gazan patients are referred to hospitals in the West Bank, Jerusalem, and to hospitals in Israel and Jordan. In 2016, the majority of applications for medical travel permits have been denied.

²⁰Expotech Palestinian Technology Week. 2016.

Movement restrictions prevent access to international academic institutions, conferences, trade shows and expert meetings, preventing knowledge-sharing and trade in the business sector, academia and civil society.

Movement restrictions also prevent students from gaining access to international academic institutions, with many scholarships cancelled as students are unable to travel abroad. Similarly, students from Gaza who are accepted at West Bank universities cannot leave the Gaza Strip via the Erez crossing, and at the time of writing, all applications from students in Gaza wishing to study in the West Bank are rejected by the Israeli authorities.

Entrance of goods into Gaza:

Kerem Shalom, connecting Gaza to Israel, is the only official crossing open for the transfer of goods into and out of the Strip. Israel allows the entry of civilian goods into Gaza, but restricts entrance for a list of materials that it defines as "dual-use", including basic constructions materials. A mechanism that is meant to allow these materials in for use by the private sector is operating, yet what has entered is just a fraction of what is needed. In early October 2015, it was reported that gravel, unlike cement and steel, would no longer be listed as dual-use, however from the war of 2014 to September 2016, construction materials entering the Strip constitutes about 9% of the total need²¹.

Only 30% of the construction materials that have entered the Gaza Strip so far were designated for private use to repair damage incurred during the war on Gaza, while the rest entered for international projects.

Exit of goods from Gaza:

In November 2014, Israel cancelled a seven-year ban on the marketing of some commodities from Gaza in the West Bank. In March, Israel announced a one-year lifting of a ban on the export of some agricultural products to Israel, to allow for supply of goods during the year of "shmita", whereby Israeli religious practice prohibits the consumption of food produced on Jewish-owned land.

From September 2014 until September 2015, an average of about 75 truckloads of goods exited Gaza per month, around 7% of what exited monthly on the eve of the closure in 2007.

Access to the Gaza Strip's land, territorial waters and air space

Israel prevents all access to and from the Gaza Strip by sea and air. Following the end of the war of 2014, the fishing zone was expanded from three to six nautical miles from the coast. Officially, the size of the "buffer zone" which is off-limits to Palestinians stands at 300 meters from the border with Israel, but in practice farmers can enter lands up to a distance of 100 meters from the border. It is unclear how the army knows which residents are farmers for the purpose land access.

Dependency on Israel

Gaza has been made heavily dependent on Israel, which controls not only movement of people into and out of the strip, but Palestinian tax clearance, electricity, and trade.

²¹ *The Gaza Cheat Sheet: Real Data on the Gaza Closure*. Gisha. 2015

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. The production of a multi-stakeholder endorsed SLED strategy for Gaza with collaborative resourcing, shifting aid towards sustainable development.	1. Stakeholders agree on a unified, asset-based SLED Strategy for Gaza
2. The production of a national multi-stakeholder endorsed SLED strategy with the Gaza strategy as a regional sub-component.	<ol style="list-style-type: none"> 1. Advocate for the production of a national, multi-stakeholder endorsed SLED strategy with the Gaza strategy as a regional sub-component. 2. Develop and institutionalize partnerships between the public, private and academic sectors. 3. Raise awareness of socio-economic issues, strengthen partnerships with government at national and sub-national levels.
3. Reduce the economic and trade dependency on Israel.	<ol style="list-style-type: none"> 1. Develop strategic national and international alliances and models for collaboration with stakeholders. 2. Develop a coordination platform between all international agencies, including the United Nations and other donor agencies, to lobbying for lifting the blockade and restrictions on Gaza. 3. 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.
4. Strengthening mutual trade dependency between Palestine and different countries	<ol style="list-style-type: none"> 1. Provide experience and knowledge exchange programs with other countries. 2. Twinning of Gaza city with other cities over the world. 3. Develop programs to motivate FDI.

Pillar 5: Identified, linked and accessible asset base

Context

What is going well?

Human Resources

Often cited as a development challenge, Gaza's large and youthful population is one of the Strip's greatest assets, with potential to further contribute to their already significant role in Sustainable Local Economic Development.

Gaza is densely populated, with 1.82 million individuals residing in an area of 365 square kilometres. Its population is also young, with an average age of 18.2 in 2015. Despite high unemployment – a challenge facing Gazans young and old, across all levels of education – the population is a valuable resource. Gazans are highly educated, with high levels of high school and university enrolment, high literacy rates, decades of investment into improved school curricula, and slow but steadily growing focus on ICT in schools.

Vocational Training

Capitalising on the opportunities presented by human capital requires ensuring the education and labour markets are adequately matched – in that skills required by employers are present in the labour force.

In many sectors – notably agriculture and dairy – the skills-base is strong, building on Gaza's decades of experience in farming-related enterprise. Skills have been further developed and refined, integrating modern techniques; and providing new skills that link employers to employers.

A range of TVET programmes are available through government and international actors throughout Gaza, including programmes by: the Ministry of Education and Higher Education, the Ministry of Labour, the Ministry of Social Affairs, GIZ, UNRWA, Belgium Technical Cooperation (BTC), and USAID.

Natural Resources

Whilst constrained, Gaza has numerous natural resources which can be better harnessed to support growth. In some cases, these assets are already being utilised and stretched to their available limits; in others, opportunities still exist to access and create improved links with untapped resources. Many of Gaza's assets could be even more successfully and sustainably employed in the absence of the blockade.

Gaza is situated on the eastern coast of the Mediterranean and shares borders with Israel and Egypt. Whilst a small area, it has the potential to serve as a hub of strategic and commercial importance given its position straddling Africa and Asia.

Located between the arid climates of the Sinai Peninsula and the Negev desert, and the mild humid climate of the Mediterranean, Gaza enjoys lengthy summers and temperate winters. Its climate supports agriculture, and a combination of long daylight hours and low cloud coverage present excellent opportunities for the development of solar energy infrastructure. Further, it possesses long, sandy beaches, which given suitable opportunity could attract tourists to the Strip.

Financial Resources

Whilst recognising the challenges of aid-dependency highlighted throughout this document, foreign aid into Gaza is substantial, with significant inflows following the Cairo Conference which pledged USD 3.5 billion to support the reconstruction of Gaza. To date, around 51% (USD 1.796 billion) of the total pledge has been met, and out of this disbursement, USD 670 million has been targeted at priority interventions outlined in the Gaza DNA and Recovery Framework, a mere 17 percent of total recovery needs²². Furthermore, significant local spending exists, which could be better managed in order to multiply value for the local economy.

Infrastructure

IT infrastructure

IT infrastructure in Gaza is well developed, with high-speed internet and mobile connectivity available throughout the Strip. The Palestinian ICT sector holds great potential for growth, and contributes to the output of the Palestinian economy is disproportional to the number of people it employs with 3% of the workforce (about 5,000 individuals) producing 8% of output.

Quality and Standards Certification

Standards for technical certification and quality management have been developed at a national level by the Palestinian Standards Institution (PSI), with, for example, a total of 14 technical regulations governing the production and sale of dairy in the West Bank and Gaza Strip. Resource constraints and administrative hurdles have to date been a barrier to certification of companies in Gaza, but when utilised hold potential to greatly add value to Gazan produce.

²² *Economic Monitoring Report to the Ad Hoc Liaison Committee*. World Bank. 2017

What are the challenges?

Human Resources

Whilst there is an abundant supply of human capital, and strong skills in many key sectors, gaps remain and employers continue to struggle to find the right profiles in job candidates. The education sector in particular has been criticised for not providing students with employable skills, particularly in highly specialised areas. Whilst a wide range of TVET schemes exist, many are short-term in nature, and lack standardisation.

Once in work, employees often find there is limited opportunity for progression, and that access to on-the-job training is poor. Similarly, few if any businesses are able to offer their employees the opportunity to travel outside of Gaza for work, and to network with and learn from others in their sector.

Natural Resources

Natural resource use is heavily constrained by the ongoing blockade and recurrent conflict: agricultural lands cannot be accessed due to the restrictions on movement in the ARA, similarly access to fish is heavily constrained at sea. Water resources are diminishing rapidly due to upstream water management, and limited access to resources and parts for repair and maintenance of key infrastructure.

Gaza's limited energy supply is heavily dependent on fossil fuels and imported energy, neither are sustainable nor sufficient to meet the Strip's growing needs. Uptake of readily available alternative energy has been slow, lacking in coordination, and limited by access to capital and technology. Power supply is characterised by frequent black-outs and shortages.

Facilities for solid waste management are limited, compounded by a lack of interest in and awareness of recycling. Water wasting and the absence of an optimal use.

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. Develop a strategy for identifying and leveraging local assets	<ol style="list-style-type: none"> 1. 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. 2. Prioritize these assets and provide recommendations for how they can be developed. 3. 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 4. 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. 5. Conduct a gap analysis for important market based information. 6. 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.
2. Advocating for a Learning and Skills Council for Gaza	<ol style="list-style-type: none"> 1. 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. 2. 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
3. Develop a strategy for improving the enabling environment for business in Gaza	<ol style="list-style-type: none"> 1. 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. 2. Establish and encourage the creation of programs with a professional orientation – as opposed to the existing focus on research and academic subjects
4. Sustainable Development strategy for competitive Human Resources.	<ol style="list-style-type: none"> 1. 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. 2. Produce a strategy for the acceptance and development of women and young people as critical assets for the growth of the local economy 3. Promote R&D, innovation and creativity in educational institutions with a clear linkage to the immediate and long-term needs of the private sector. 4. Create an accessible online knowledge database for local skills and knowledge.

Strategic Objectives	Programmes and initiatives
5. Strengthen social capital that is able to contribute effectively to achieving the goals of economic and social development.	<ol style="list-style-type: none"> 1. Introduce courses on self-enhancement, better communication and presentation, job search and entrepreneurship in all universities. 2. Establish a mechanism to ensure that schools and universities have established consistent and effective career counselling services. 3. Increase awareness on existing and potential social capital, and how social capital can be better applied to growing the local economy

Pillar 6: Environmental sustainability

Context

Water Sector

Residents of Gaza rely almost entirely on groundwater from its coastal aquifer as their water source. This accounts for 95 percent of Gaza's water demand and consumption is evenly divided between agriculture and domestic municipal use. Aquifer pumping supplies approximately 200 million cubic meters (MCM) per year, though its annual sustainable yield is only 50-60 MCM. Beyond the 200 MCM provided by the aquifer, Gaza imports approximately 4.7 MCM per year from Israel and produces 0.4 MCM from desalination facilities. Water quality is deteriorating due to seepage of sewage water, and salinity has increased due to seawater intrusion. There has also been pollution through flooding and the illegal use of toxic pesticides.

The coastal aquifer of the Gaza Strip is part of a regional groundwater system that stretches from the coastal areas of the Sinai (Egypt) in the south to Haifa (Israel) in the north. The coastal aquifer is 10-15 km wide, and its thickness ranges from 0 m in the east to about 200 m at the coastline.

In recent studies, the Palestinian Water Authority (PWA) has warned that water salinity is reaching alarming levels due to water extraction from approximately 7,000 illegal wells created over the past five years in order to counter domestic and agricultural water restrictions.

Under natural conditions, groundwater flow in the Gaza Strip is towards the Mediterranean Sea, where fresh groundwater discharges to the sea. Water levels are presently below mean sea level in many places, including a hydraulic gradient from the Mediterranean Sea towards the major pumping centres and municipal supply wells. The PWA has in the past criticised the donor and investment community for not prioritising the provision of alternative water sources, however this trend appears in reverse with many donors aligning activities in this direction post-2016²³.

Soils and Land Use

Near the Gaza Strip coast, soil is sandy, and characterised by high infiltration and low water retention. In some coastal areas, underlying clay layers may ultimately control the infiltration rate during prolonged winter rains. Rapid infiltration makes this area suitable for grapes, dates and other crops requiring well-drained soils. The underlying clay or loamy soils of lower infiltration do not pose a problem for agriculture. In some areas where the sand layer is thin, the sand is often removed to take advantage of the water retention characteristics of these soils.

Wadi Gaza, the low point that serves as conduit for surface water drainage toward the Mediterranean, has transported finer soils. Silt and clay content generally increases with distance from the coast, increasing the soil's ability to retain water. The quantity of organic matter also generally increases with distance from the coast, making the soil suitable for a wide variety of crops including citrus, olives, and vegetables.

²³ *Economic Monitoring Report to the Ad Hoc Liaison Committee*. World Bank. 2017

Energy

The energy sector is the backbone of the economy and the provision of energy services, especially electricity is a crucial component of the local economy, especially in the fields of industry, trade and agriculture and important social services such as education and health care.

Gaza is dependent on a number of power sources, primarily oil derivatives, including natural gas, gasoline, benzine and kerosene; electric power; and an increasing number of renewable resources, including solar power and biomass (fuel from waste), which could provide significant energy if potential consumer resistance to certain types of this energy sources can be overcome – as it has in other countries internationally.

Gas and oil resources and consumption

In 1999, the Palestinian government granted an exploration and development license to a consortium led by the British Gas Group (BG Group) that includes the Consolidated Contractors Company (CCC) and the Palestine Investment Fund (PIF) as partners. The license covers a wide area off the shore of Gaza. Geological studies and two exploration wells, drilled in deep water, led to the discovery of two main gas fields within Palestine's maritime zones. Gaza Marine, the main field, is located 603 m below sea level, fifteen miles west of Gaza. The second, smaller field, the "Border Field" may straddle the international maritime boundary that separates Palestinian maritime zones from those of Israel, a boundary that is yet to be determined. The reserves in the two wells are estimated to be 1.4 trillion cubic feet (TCF), with a production capacity of 1.5 billion cubic meters annually for twenty years and a market value ranging from six to eight billion dollars. To date, Gazans have yet to see any benefit from this important resource²⁴.

Recent years have witnessed clear indications for the existence of commercial quantities of oil in Palestine. Israel has been extracting commercial quantities of oil from the Meged 5 well since 2011. The size of the Meged oil field is estimate at 180 square kilometres. The drill is located about 150 m west of the 1967 border and about 1.5 km west of the Palestinian town of Rantis.

The average of household consumption of gasoline (among those households using gasoline) in Palestine was 95 litres in January 2015. It was 135 litres in the Middle of West Bank but didn't exceed 42 litres in Gaza Strip. The average of household consumption of liquefied petroleum gas (among those households using liquefied petroleum gas) in Palestine was 22 kg in January 2015 compared to 21 Kg in January 2009. In 2015, of the households heating water in Palestine, 60% used electricity as their main source for water heating, 28% of households depended on liquefied petroleum gas, while 9% used wood, and 3% of households depended on solar energy heaters. The same study found that 41% of households in the Gaza Strip do not heat their homes²⁵.

Electric power in Gaza Strip

There are three primary sources of electricity in Gaza: the Israeli electricity company that supplies 120 MW via ten electric lines; a local power station that in principal can produce 120 MW, but in practice produces only 80 MW due to fuel shortages; and the Egyptian electricity grid that supplies Gaza with approximately 37 MW through two main electric lines. These three sources provide a total of 237 MW, while the electricity needs of Gaza - with a seasonal variation in the summer and winter months - reach up to 440 MW. This shortfall in supply results in frequent power outages.

²⁴ *Palestine's Oil and Gas Resources: Prospects and Challenges*. Mohammad Mustafa. 2015.

²⁵ *Household Energy Survey*. PCBS. 2015,

Renewable energy

Solar energy has become an important component in the portfolio of global power generation. It is seen as a cheaper source of energy when compared to traditional fossil fuels and is immune to fluctuations in global fuel prices. For this reason, solar energy is now considered to be an economically reliable solution in Gaza where the sun's rays are the most abundant and readily accessible energy source. Whilst limited and uncoordinated efforts to develop solar power have been attempted in Gaza, the local authorities, donors and investors have not prioritised roll-out at scale.

What is going well?

In the private sector

The Gazan context necessitates that the private sector considers sustainable and alternative options, as a means of providing reliable energy and preserving limited resources. Many fish farms, for example, have installed solar powered energy systems to mitigate against frequent power supply cuts; and many livestock farmers use similar practices.

Frequent conflict and restrictions on the import of building materials have necessitated the re-use of rubble and aggregate from demolished structures in the construction industry. This practice in turn has led to numerous studies on how to more effectively and efficiently re-use building materials, and ensure worker safety during construction.

Government and NGO programmes

- ILO manage a Green Jobs programs, which encourages sustainable construction and green jobs in the Gaza Strip.
- The Palestinian National Authority, represented by the Environment Quality Authority (EQA), took the lead in developing a “National Climate Change Adaptation Strategy” with support from UNDP/PAPP.
- The Government of Japan have funded UXO clearance and the improvement of solid waste services.
- The Austrian Development Agency have worked with the Coastal Municipal Water Utility (CMWU) to improve monitoring of water quality.
- A consortium of donors, including the Government of Japan, Islamic Development Bank, Kuwait Fund and UNDP have funded the construction of a major waste water treatment plant in Khan Younis.
- UNDP works with the Palestinian on the environment and natural resource management through a 25 million USD portfolio which seeks to strengthening environmental and water governance, mobilize environmental financing, improve access to environmental services and mainstream environmental programming throughout Palestinian state institutions.

What are the challenges?

Gaza suffers from chronic water shortages, in terms of both quantity and quality; and has limited facilities for water testing and monitoring. This problem is compounded by the widespread prevalence of illegal wells, limited rainwater harvesting, and dilapidated infrastructure for solid and liquid waste management. Wastewater is pumped directly into the sea, causing high levels of pollution in a crucial recreational zone.

Lands use planning is limited, with no formal zoning for residential, commercial, industrial and agricultural land. Sea cliffs are retreating rapidly from erosion, and sand dunes and quarries are rapidly depleting as a consequence of rising demand for land and building materials.

The lack of awareness on the key issues relating to the energy sector, especially with regards to the quality of materials used. Unfamiliarity with technical specifications make contractors unqualified to deal with the latest techniques and tender documents, a problem compounded by the absence of reliable supply chains for key components.

Relationships between the Energy Authority, the Ministry of National Economy, Gaza's electricity company and the Ministry of Local Government are incoherent and overlapping, creating confusion and inefficiencies in energy supply.

There are no long or short-term policies or strategies in place to support the adoption of renewable energy. Tax exemptions are available neither for energy goods nor accessories and spare parts. There are no measures in place to simplify the import of related goods nor policies or bylaws encouraging companies to invest in the sector or to encourage the public to install systems such as solar panels in their houses. Similarly, no financial resources are in place to encourage research and development through the private sector or academic institutions.

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. Identify the most promising opportunities for environmental sustainability interventions in Gaza at the private sector, community, institutional and policy levels.	1. 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.
2. Produce a multi-stakeholder strategy driven by the private sector for delivering on prioritized environmental sustainability interventions	<ol style="list-style-type: none"> 1. 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 2. Develop a water harvesting and catchment system. 3. Construct sewerage, drainage, wastewater treatment and water supply systems. 4. Deliver an initiative to desalinate seawater and brackish water and regulate private desalination plants. 5. Protect beaches and cliffs; and reclaim land from the sea. 6. Control groundwater pollution, prevent wastewater pumping into the sea, protect sand quarries. 7. Rehabilitating Gaza valley as a nature reserve project. 8. Invest in sea-based fish farms to combat the depletion of stocks caused by overfishing in the narrow areas of land permitted.
3. Increase environmental literacy including awareness of local environmental sustainability constraints and opportunities	<ol style="list-style-type: none"> 1. A study of wastage and non-renewable resources is undertaken to make recommendations for reduced use, re-use or substitution 2. Effective measures are needed to protect Gaza's sand – a national wealth – from creeping urbanization and drainage.
4. Reduce the use of non-renewable resources	1. 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.
5. Develop a legal framework for environmental sustainability.	<ol style="list-style-type: none"> 1. Produce a legal framework supporting the development of environmental sustainability 2. Develop policies to protect agricultural land plots and develop the laws of land authority.
6. Mainstream knowledge and activity on environment and climate change.	<ol style="list-style-type: none"> 1. Develop the capacity of Palestinian state institutions in climate change adaptation. 2. Incentivise studies that ascertain the most viable crops given the predicted weather changes

Pillar 7: Strong Civic Voice

Context

Palestinian society is comprised of two types of social institutions: traditional social groups and modern institutions. Traditional groupings include tribes, clans, extended families; urban, rural, familial and sectarian networks; and religious groupings. Modern institutions include political parties, charitable societies, trade unions, professional associations, women's associations, NGOs, media and advocacy groups and other service-providing organizations.

Trade Unions and Associations

Palestinian General Federation of Trade Unions (PGFTU)

The PGFTU currently exists as what are virtually two separate organisations – one in Gaza and one in the West Bank. Within Gaza, the union is organised into four geographical regions and comprises eight unions: transportation and metal; agriculture and food; service and commerce; construction and wood; textiles; municipality employees, and post and communications.

Democracy and Workers' Rights Centre (DWRC)

The Democracy and Workers' Rights Centre in Palestine (DWRC) is a non-governmental, non-profit organization, and not affiliated with any political party. DWRC was established in 1993 by a group of lawyers, academics, trade unionists and other prominent figures in the Palestinian society to defend Palestinian workers' rights and promote principles of democracy and social justice in the Palestinian territories. DWRC targets Palestinian workers who work in the private and public sector from the West Bank (including East Jerusalem) and Gaza. The centre also targets labour leaders, trade union leaders, and youth activists.

Islamic Trade Unions

Islamic trade unions' focus lies mainly on social work, food handouts and money for the needy. Members join trade unions primarily for social benefit. Islamic groups, such as the Islamic Society (founded in 1979) and the Al-Salah Association (founded in 1980) operate as NGOs.

Professional Associations

There are also a number of other craft unions, associations and in-house unions in the West Bank and Gaza. Among the most important professional unions are the Teachers' Association, the Engineering Union, the Medical Association, the Journalists' League and the Lawyers' Association. Additionally, the Palestinian Businessmen's Association represents businessmen in Palestine, with and seeks to develop the Palestinian economy by attracting investment.

PalTrade

The Palestine Trade Centre (PalTrade) was established in 1998. PalTrade is a non-profit, membership based organization with a national mandate to lead the development of exports as a driving force for sustainable economic growth. PalTrade advocates for a strong enabling environment for business and is dedicated to improving trade competitiveness. PalTrade provides a wide range of export support services in the areas of export development and market intelligence, export promotion, and export policy and advocacy.

Palestinian Contractors Unions

Palestinian Contractors Union (PCU) is a Palestinian professional, social and economic forum representing registered local contractors. It aims to regulate the contracting profession in Palestine and abroad, and plays a positive role in national economic development.

Palestinian Federation of Industries (PFI)

The PFI represents the industrial sector through its federated associations. It seeks the effective development and management of industrial policies to serve members' interests and to contribute to the development of the national economy. Alongside a range of other activities, the PFI collects tailored information for industry, and organises and classifies this information as reports and data for official bodies in cooperation with the Palestinian Centre of Statistics.

The civic voice of NGOs

NGOs currently playing a significant role in socio-economic context of Palestine, and operate in a range of diverse fields. The increasing prevalence of the sector has been attributed by the Ministry of Internal affairs as a consequence of: a diminishing government roles resulting from resource constraints, increasing aid dependency, and the impact of successive conflicts within Gaza.

What is going well?

Industry associations and unions

Unions reduce unemployment in Gaza, and use strong networking and communications infrastructure to advocate for the rights of their membership; this noted the contribution of such organizations has diminished over time. Professional labour unions and associations arrange capacity building programs for their members, and in the case of labour unions often offer short term employment programs for their members.

Donor funding played an important role in the development of the Professional labour unions and NGOs infrastructure; however, the relationship of Palestinian NGOs and the donor community is characterised by a degree of distrust, stemming from decades of programming without clear long-term outcomes, and an emphasis on humanitarian action.

Professional and trade associations in Gaza serve to regulate industry activity, set rules of professional conduct, organize relationships between trade associations and members, and settle intra-industry conflicts. Members of professional associations in the Gaza Strip is high, representing a significant percentage of Palestinian social and political elite groups.

Industrial associations have undertaken needs assessments for factories and facilitates damaged during conflict, and have been effective in gaining resources for rehabilitation efforts. The Industrial Association Network is working with universities to try and bridge the gap between the labour market and the current education offer.

Representative bodies lobby for improved working conditions, welfare conditions, and support wage bargaining as their primary work. They also provide arbitration services and legal counselling; alongside launching position papers and factsheets, and undertaking advocacy efforts.

NGOs

The role of NGOs working in health is complimentary to that of the government, however, coordination between NGOs and the Ministry of Health remains ineffective. Services provided by NGOs working in health are more flexible and dynamic yet less comprehensive compared with those provided by the Ministry of Health.

Womens NGOs provide unique services such as empowerment programs and legal services. NGOs working with women and children undertake responsibility for empowering women in areas such as rights and gender equality, and the supporting child development through recreational, educational, cultural and psychosocial activities.

The role of NGOs working in education is complimentary to government-run schools. NGOs have contributed significantly to the education sector via establishing databases, conducting research, advancing new educational approaches and tools, integrating children with learning difficulties into the formal school system, and training teachers working in government administered schools.

NGOs working in the youth sector share responsibility with governmental institutions in youth development and provide psychosocial, recreational, cultural and sports activities. NGOs also support civic engagement and small-scale income generating initiatives for young people. These NGOs have substituted the role of government institutions with regard to the promotion of human rights and civic engagement.

NGOs working in the agricultural and agri-business sector have played a major role in agricultural development. Organisations have created platforms for all stakeholders – including small scale farmers and women’s producers and processors – working to integrate vulnerable groups into

development planning. Activities in this regard are however fragmented, with the sector is affected by the political divisions and a lack of institutional arrangements and a comprehensive development plan.

Although several NGOs have effective advocacy strategies and implementation, it was felt by actors being consulted during the development of this strategy that such organisations need to give further attention to the siege on Gaza Strip, the occupation and buffer zones.

The repercussions of the most recent Israeli offensive have been greater than the operational capacity of NGOs in the Gaza Strip to mitigate the damage. The work of NGOs in Gaza is also significantly hampered by the siege and closure of borders, a shortage of materials and equipment, inadequate funding, the internal political divide, and inadequately integrated planning and coordination.

What are the 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. In the 1st quarter of 2014, only 0.1% of private sector wage workers were covered by collective agreements in the Gaza Strip. Further, in the public sector, the right to strike is severely restricted, and dialogue has been difficult. In the private sector, several union leaders have been arbitrarily dismissed with legal protection insufficient to resolve their issues.

Since November 2014, freedom of association and the right to organize has been denied to a majority of public sector employees. The Union of Public Employees, has been declared “illegal” and banned by a cabinet decision in November 2014, depriving 40,000 governmental employees from union representation.

Political factions continue to interfere in trade union work and attempt to maintain their control on trade union leadership. Moreover, there is a lack of Democracy, effectiveness and accountability within some of the unions, and limited 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 in the private and NGO sector

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.

There is a lack of coordination between civil society organizations and the PNA. 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.

Strategic Objectives and Suggested Interventions

Strategic Objectives	Programmes and initiatives
1. Strengthen the civic voice of local NGOs, industry associations and labour unions.	<ol style="list-style-type: none"> 1. Institutional capacity building for local NGO's and representative organizations and unions in influencing, advocacy and policy formulation. 2. Capacity building of representative organisations within the market system at all levels to influence an improved enabling environment and shape economic policy and practice 3. Specific capacity building for women and youth-led business in civic voice and, influencing, 4. advocacy and policy formulation.
2. Institutionalize the relationship between NGOs, labour unions, government, and private sector.	<ol style="list-style-type: none"> 1. Programme to engage NGOs and labour unions in central and local government strategic planning and budgeting.
3. Strengthen representative platforms for market system players at all levels to shape economic policy and practice	<ol style="list-style-type: none"> 1. Capacity development for NGOs in socio-economic development, and sustainable environment and institutional strengthening. 2. Capacity building program on the practice of organising trade unions. 3. Capacity building programs for members of labour unions in environmental issues.

Chapter 3: Interrelationships and synergies



Sustainable Communities Framework: An interdependent Matrix of action

Existing interventions within the Gazan economy operate independently of one another, presenting missed opportunities for synergies and multiplication of impact. Whilst not unique to development action, the challenging Gaza context necessitates that every opportunity is taken to synchronise for value addition. The seven pillars of the SLED strategy for Gaza are designed to work in synergy, facilitating cohesive action and leveraging greater impact for sustainable development.

The tables in this section of the strategy seek to explain the following;

1. What each pillar is there for
2. What each pillar seeks to do
3. Clarifying questions and actual examples per sector and pillar to guide implementation
4. Case studies of cross-pillar interventions

Matrix of interdependent action

Action under the seven pillars, when planned in synergy, form a matrix of action across community, institutional and policy levels that ensures effective action: through a private sector that is closely supported by the local authority and civil society to maximise opportunities for success. The examples presented below demonstrate wealth of action already benefiting the local economy. These examples represent but a small sample of the many efforts being made across sectors. In seeking to discipline planning and integration of market-related activities, this strategy sets out to add value to the economy in Gaza through improved synergy between and multiplication of local assets and action. It seeks to inform implementation plans under the strategic objectives and suggested interventions proposed herein, ensuring that action taken is designed for interdependence and maximum impact.

Case study example

The matrix uses the example of a small-scale women's microprocessor to illustrate how under pillar 1, there have been several inputs that have built functional business capacity and linking to markets. Under pillar 2, it demonstrates how the processor has chosen to buy from local small-scale farmers and employ local women. In pillar 3 the local authority responds by making it easier for the processor to register a business, and the business is linked to the WFP/Oxfam E-voucher project as a registered supplier. Under pillar 4 the business is supported to work with other women-led processors, to dry product at scale using shared facilities. In pillar 5 the factory uses home assets to expand using a short value chain to utilise local markets to ease cultural constraints. Under pillar 6, the owner recycles to minimise waste and save money; and under pillar 7, the owner attends industry focus groups and consultation meetings.

Definitions and Explanations

Definitions

The following section explains the principle behind each of the 7 interdependent pillars of action within the Sustainable Communities framework.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
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.	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.	This strategy seeks a public sector and civil society that works together and are responsive to the needs of local business: making it easier to start an enterprise, grow and compete through the removal of barriers, and that encouraging improvements in efficiency and skills, and boost market inclusiveness for those on low incomes.	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.	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.	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.	This pillar promotes strong engagement, representation and leadership amongst the stakeholders within the market system.

Explanations

This section provides an explanation of what each of the 7 interdependent pillars of the Sustainable Communities framework are designed to accomplish.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
It encourages the private sector to operate in a way 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.	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 150% in terms of value and growth for the local economy.	It envisages a civil society and government at national and local levels that works to support business and increases inclusiveness of 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.	It seeks to harmonize and leverage action, and build interdependence so that action taken creates benefits across each sector, even between competitors.	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.	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.	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

Clarifying Questions

This section provides guiding questions by sector for each pillar to support the preparation of future implementation plans. For each question, examples are provided from within Gaza that support understanding.

Private Sector

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What shows that your product is competitive with others?	Do you employ local people and buy as much as possible from local businesses?	How do the government and civil society make it easier for you to start a business?	Who do you work together with to influence policies and practices that would benefit your business?	What are the locally available assets that could be <i>directly</i> used by your business to start up or grow?	How do you run your business in a way that helps environmental sustainability?	How do you influence your industry and the government in order to improve opportunities to grow your business and others?
The price of fish farmed in Gaza competes with imported prices. The quality and the price of labneh, yogurt, cheese, clothing and furniture also competes with imported products.	About 1,700 people are employed working in dairy production. Around 90% of the people working in the ICT sector are from local communities. 5-10% of the total workforce are females. The Furniture industry hires more than 10,000 people across over 800 firms. The cluster for this industry employs around 30,000 workers. Agro-businesses hire about 7,500 workers including a much higher percentage of females than other sectors.	Though supporting efforts to speed and ease business registration, and by providing the necessary infrastructure for sustainable energy. Also through strengthening business support services and making it easier to pay tax.	Around 50% of ICT companies have partnerships outside Palestine. The consortium of PalTrade, WIU, and MONE have published an assessment for imported final products, and local quality under their import substitution strategy. A consortium of PalTrade, PFI, WIU, and Qudrat published a position paper on pallet heights which has had significant impact on trade costs.	Gaza has 100 million M ³ rainfall per annum, palm trees, olive trees, year-round sun and high temperatures, albeit limited sea access, access to finance, skilled employees, cheap local labour, readily available business knowledge and experience. Good networks with universities and businesses, business incubators, government grants/loans, support from MONE and NGOs. Access to market research and locally-made equipment.	Fish farms have installed solar energy systems due to the frequent cuts in power supply. Some farmers don't use pesticide and aim to produce organic vegetables. Some Farmers are using solar energy systems in livestock farming. The re-use and recycling of aggregate from demolished building, informal recycling of landfill waste and the availability of the local authority waste processing centre.	Trade Unions and Associations such as PalTrade have efficient networking and strong media presence to facilitate the interest of their members. Industry representative associations participate in meetings with government and other stakeholders. Professional and trade associations regulate industry, set rules of professional conduct, organize relationships between trade associations and members, settle intra-industry conflicts, and promote their members' interests.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
How does your company benefit others - particularly those on low incomes?	Do you try and replace products that are coming into Gaza?	How do government and civil society help to remove some of the strategic barriers to business in Gaza such as the restrictions on the movement of goods and people?	Are you a member of an industry forum for improving opportunities within your industry?	What are the locally available assets that could be <i>linked</i> with to support or grow your business?	Do you measure the impact on the environment of your business?	How do small scale business owners such as farmers and women's food processors able to have their voice heard?
In the dairy and livestock sector small scale farmers and women have the opportunity to compete. The furniture and textiles industries depend on small scale enterprises. A considerable number of women are working in clothes design, fitting, and production	Dairy products or equipment and machines (white cheese, yogurt and labneh). Fish farming products. <i>Danis</i> and <i>Faredi</i> fish account for 90% of the local market. Local Furniture products now accounts for 80% of the local market	Chamber of Commerce and the Private Sector Coordination Council have produced many policies and advocacy campaigns to challenge restrictions on the free movement of goods and people	Paltrade is a member of Palestinian Foods Industries Union (PFIU) forum, as are a number of local manufacturers	The Buy Local logo, the PSI quality standard, industry forums and associations such as the Dairy Forum or PFIU, INGO projects, the sea for fish processing, sun and wind for renewable energy, humanitarian aid	Much research has focussed on health and safety standards whilst recycling debris in addition to recognizing ways of managing waste that results from demolition. UNDP works with the Palestinian government to protect the environment and to sustainably manage natural resources	Industry-specific associations defend the interests of groups they represent and coordinate the work of their members. Provide arbitration services and legal counselling.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
How does your company benefit the environment in Gaza by the way you work?	Who do you work with to help grow the local economy in Gaza?	How do government and civil society support you to grow and become more competitive in your business	Who do you work together with to increase the sales, reduce costs or increase the efficiency of your business and others?	What are the assets within each sector that could be better utilised or leveraged to add value?	Are there any ways in which through your business you improve the environment?	How can business representatives get better at influencing investors into the industry?
Using seawater for fish farming instead of using drinkable water. The furniture production and recycling industry provides transferable skills for other industries such as livestock, woodwork, and heating. In dairy production and fishing farms they use solar energy in the process of production.	There are many active institutions helping grow the local economy in Gaza including the Oxfam/Danida ERGS project, other INGO food security projects and MercyCorps' work in the ICT sector. and Palestinian Wood Industries union, The Palestinian Federation of Industries (PFI), Industry forums/Industry association, and PalTrade, CARE International, among others.	Numerous development agencies and the local authority support business start-up and development activities	Joint initiatives by ILO and the fisheries unions to develop new skills and create new jobs for Gaza fishermen, initiatives to form a Strategic Framework to Strengthen the Palestinian NGO Sector 2013-2017 by the NGO development centre. Fish farmers are being supported to share learning with Palestinians who have international experience in this field.	How could specialised knowledge of liquid packaging in the fruit juice sector benefit the dairy sector? Could liquid packaging machines used in the fruit juice sector be used to pack milk products? Could the pharmaceutical industries develop organic pesticides? Could Fish farms provide restaurants with high quality of fish and could local canners process fish products?	Recycling and reusing aggregate from demolished buildings	PalTrade is presenting feasibility studies, producing facts sheets, holding seminars for investors with positive case studies and facilitates regular trade visits.

Local Government

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to start up easily in Gaza?	What do you do to promote economic literacy, in particular the benefit of buying local products?	How do you support new and existing local businesses to grow and become more competitive?	What local economic development strategies do you have in place that have been produced with all market system stakeholders at national level	What assets do government departments have that could benefit the growth of the local economy?	What strategies do you have in place to support a move away from fossil fuels to sustainable energy in Gaza?	How closely do you involve the business sector in designing your economic strategies?
The Economic Ministry has helped to provide fast, easy and low-cost business registration for small-scale businesses, and provides finance to enable them to start businesses.	PalTrade and Oxfam conducted a workshop building the capacity of market system stakeholders in SLED and have led on the development of the SLED strategy for Gaza. PalTrade and Oxfam have run the Plugging the Leaks-based Buy-Local economic literacy and promotional campaigns. The campaign has encouraged the purchase of local products and promoted economic literacy in local schools.	ICT start-ups enjoy tax incentives. The local authority facilitates registration and applies a one-stop shop policy.	United Nation Agencies (UNDAF) have prepared a multi-stakeholder strategic. The Ministry of National Economy has developed a strategic plan, sharing experience through workshops. The Economic Ministry has been closely supportive of this private sector-driven SLED strategy development process and in the development of the Buy Local campaign and logo.	Ministry of Agriculture has equipment for the inspection of vegetables and fruits, and provides skilled agricultural engineers for field visits.	UNDP works with the Palestinian government to protect the environment and to sustainably manage natural resources. It has a USD 25 million portfolio under four main outputs: <ul style="list-style-type: none"> • Strengthening environmental and water governance, • Mobilizing environmental financing; • Improving access to environmental services • Mainstreaming environment and climate change 	Working with multi-stakeholder groups to identify joint plans to remove barriers for business. MONE has involved PFI, PalTrade, the Textile and Garments Union, and textiles importers in agreeing on a policy on import substitution.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to grow easily in Gaza?	What studies do you do to understand what products consumed in Gaza could be produced locally at a profit?	How do government help to remove some of the strategic barriers to business in Gaza such as the restrictions on the movement of goods and people?	What local economic development strategies do you have in place that have been produced with all market system stakeholders in Gaza?	What examples are there that show that government uses their assets to strengthen the growth of business in Gaza?	What projects are you working on or planning that support a move to sustainable energy	Do you make the opportunity for businesses of all sizes including small womens businesses to take part and influence your thinking?
Import controls exist in some cases (e.g. agriculture, furniture, dairy and textiles). A number of agencies, including Oxfam, DAI, and the Palestinian Investment Promotion Agency offer investment incentives, in the form of grants or loans.	Oxfam have published numerous value chain studies and fact sheets for the agribusiness sector. ILO have also published value chain studies and fact sheets for the fisheries industry. PalTrade has published an advocacy policy, fact sheets and position papers in many areas relating to local industries.	Policy and advocacy campaigns; negotiations and concessions	United Nation Agencies (UNDAF) are preparing a multi-stakeholder strategic plan MONE is developing strategic plan by sharing experience through workshops. The Economic ministry has been closely supportive of the private sector-driven SLED strategy development process and in the development of the Buy Local campaign and logo.	MONE has initiated the Palestinian Investment Promotion Agency. MONE supports and provide funds for 110 SMEs, with support totalling 693,500 USD. The Palestinian Investment Promotion Agency is planning to 10,000 USD in funding to SMEs up to a total of USD 1M.	Research has been conducted into the potential use of construction and demolition waste for recycling and construction. Research has also been conducted into health and safety standards during debris recycling.	The Palestinian Investment Promotion Agency provides technical and financial support for SMEs. PFIU represent manufacturers at all scales. UAWC represent groups of small-scale farmers, including women's groups.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to compete with others?	What systematic policies, duties or incentives do you have in place to encourage local production over imports?	How do the government and civil society make it easier to start a business in Gaza?	How do you work with governments in other countries to strengthen local economic development in Gaza and in their countries	Does the government have any way of measuring how much they invest of their budgets into locally-produced goods and services?	How will these plans or projects take advantage of Gaza's natural resources of sea, sun and wind?	Do you produce implementation plans for your strategies and is the performance of these plans measured?
Regulation requiring accredited quality standards such as PSI, and initiatives to restrict products coming into Gaza where there are local manufacturers with capacity to grow and produce good quality product at a fair price.	The Ministry of Agriculture and Ministry of National Economy has published a strategic plan with the private sector and NGOs to slowly replace any imports that could feasibly be produced in Gaza. Plans also exists to measure local multiplier impact as criteria for planning permission approval.	Business simplification: Supporting efforts to register business more quickly and easily, providing the necessary infrastructure for sustainable energy, supporting the development of business support services	Joint work programmes include the ILO and the Ministry of Labour to create a decent work environment and develop a comprehensive social security system.	MONE has publishes a monthly report of imported products, and offers programs for SMEs strengthen the Local Multiplier and/or social return on Investment	The government encourages the use of the latest technology, such as solar panels used abroad, tidal energy and wind-powered energy.	In Gaza, the Palestinian Investment Promotion Agency has a clear implementation plan, with guidance for performance measurement. PITA have developed a strategic plan and marketing strategy for the ICT sector.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to have positive social and environmental impact?	What policies and practices do you have in place to measure the local multiplier within the local economy and to systematically irrigate inwards investment?	How do you support research and development for business in Gaza?	How do you work with specific stakeholders at national level to collaborate on specific initiatives that support local economic development?		What strategies or projects do you have that will specifically support business to switch to sustainable energy?	How do you work across different government departments to strengthen local economic development in Gaza
Local factories in some cases enjoy tax incentives, grants, loans, infrastructure for recycling and renewable energy. The Bank of Palestine offers Green Credit for Business who protect the environment.	Measuring the LM3 ratio as part of the economic indicators for success in Gaza.	Offering incentives and support for market research; highlighting business opportunities; replacing products brought into Gaza; taking advantage of local strategic assets such as sun, sea, wind. Research budget is research is regrettably weak.	Agriculture Relief and <i>Compete</i> -USAID: Working with a large-scale national agricultural producer who is willing to collaborate in developing skills and technology for increased agricultural production, or an international fish processing business on which fish caught in the shallow waters of Gaza are suitable for further processing, such as canning.		Incentives to install renewable energy and demonstrating the benefits of using renewable energy to work towards uninterrupted supply and self-dependency	There are some initiatives by different departments to ensure that ministries spent budgets in a way that benefits the growth of the local economy. However, networks are still weak.

Industry associations, INGOs and donors

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to start up easily in Gaza?	How do the programmes that you deliver increase the local multiplier impact in Gaza?	How do industry associations, INGOs and Donors help to remove some of the strategic barriers to business in Gaza such as the restrictions on the movement of goods and people?	How can industry associations or INGO's/donors work together with all sectors to map local assets that can directly or indirectly support business start-up and growth?	Do your economic strategies and programme design carefully consider the availability of local assets - what <i>is</i> there rather than what <i>isn't</i> there?	What strategies do you have in place to support a move away from fossil fuels to sustainable energy in Gaza?	Do your economic strategies and programme design carefully consider the development of civic voice, in particular through industry associations and multi-stakeholder platforms?
Palestinian Wood Industries and Furniture Union, Palestinian Federal Industries and PalTrade and other Agriculture Associations offer start-up advice packages, seminars, improved business support services. American, Danish, Swiss, UK, Swedish, Japanese, German, French and Dutch development agencies support business development, value chain development	Danida: Market research, economic literacy, Buy Local campaign and logo, joint planning to replace imports, Gaza Sustainable Local Economic Development strategy	Policy and advocacy campaigns; negotiations and concessions	Economic Mapping for five cities in Gaza undertaken by local governments, MAS, IUG and UNDP. Joint initiatives by ILO and fisheries unions to develop new skills and jobs.	Many projects now invest in solar energy which help many industries. Fishing farms using sea water in fish production. Professional graduates develop freelance services online.	Sustainable energy policy or strategy including a focus on local research and production.	Supporting member organisations to strengthen the service that they deliver for clients and the inclusion of small women's businesses in multi-stakeholder platforms or forums. However, is limited for a particular success stories such as PFI and Chamber of Commerce.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to grow easily in Gaza?	How do you ensure that all your programmes most benefit the local economy eg humanitarian, food security, livelihoods and economic development?	How do industry associations, Donors and INGO's work more closely together and with local government to make it easier for businesses to start and grow?	How could specialised businesses in donor countries twin with local businesses in Gaza to support growth and efficiency?	In what way do your projects or activities help to identify pre-existing local assets that could be set to work for growing the local economy?	What projects are you working on or planning that support a move to sustainable energy	Do your programmes support building the capacity of representative organisations and small scale businesses to advocate on behalf of themselves and members?
Oxfam, PalTrade and Ministry of National Economy lead on Buy Local campaigns. CRS, IRPal PalTrade, PFI, WIU, and DAI undertake research and development activities, including: market research and feasibility studies, improved investment opportunities, incentives/loans for increasing production.	Whole programme approaches, employing local staff and consultants, buying locally made products	In Buy Local Campaign PalTrade and PFI "Business simplification": Supporting efforts to register business more quickly and easily, providing the necessary infrastructure for sustainable energy, supporting the development of business support service.	Palestinian industrial twin with German industries by the initiative of GIZ	CARE International identified skills gaps among employees and entrepreneurs, with specific focus on to youth and women. United Nations Support Plan for Transformation of Gaza Strip: the plan, formulated by the UN system, focuses on the economic empowerment of the people in Gaza, the recovery of their livelihoods and education, the enforcement of social protection mechanisms and the management of natural resources for food production.	Islamic University of Gaza, Islamic Relief, and USAID- <i>Compete</i> support research and development into cheaper and more effective renewable energy sources, fact sheets encouraging use, test projects that could move to scale.	Oxfam/Danida, GIZ, PMDP, USAID- <i>Compete</i> , among others deliver capacity building in policy and advocacy, training for small-scale business owners in accessing related forums and understanding how best to represent themselves. Youth enterprise and civic voice training. Training for vulnerable women.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to compete with others?	How do you ensure that your policy and advocacy strategies have a focus on developing the local multiplier in Gaza	How do you support research and development for business in Gaza?	How could you get industry associatiuon members to collaborate more to support each business to become more competitive and replace product brought into Gaza?	Do your programmes consider the existing local market as an asset?	How will these plans or projects take advantage of Gaza's natural resources of Sea, Sun and Wind?	Do you measure the rate of development of civic voice within the interventions that you have
PFIU provides technical information, research and representation services to manufacturers. The Gaza Chamber of Commerce represents business interests. The Oxfam/Paltrade multi-stakeholder buy-local campaign and logo supports demand for local products. PalTrade provide technical Support for all businesses including trade visits. Catholic Relief Services (CRS) and Islamic Relief Foundation provide training courses for capacity building of farmers, textile and furniture industries.	There has been a lobbying of donors and institutional investors through the ERGS project to focus more sustainable local economic development based activities in Gaz rather than only on humanitarian aid and to reflect this on this in their investment plans and economic strategies	Ministry of Education and World Bank (QIF project) Offering incentives and support for market research highlighting business opportunities replacing product brought into Gaza and for entry into business taking advantage a local strategic assets such as sun, sea, wind, number of universities.	Example: Joint procurement on standard items, shared contracts, improved equipment initiaially shared.	Paltrade research, specific research on the ERGS project, numerous value chain analysis and the research completed for this SLED startegy shows the very significant size of the local market and the relatively small percentage of this that is currently being produced in Gaza.	Many donors and NGOs motivate the latest technology solar panels used abroad, tidal energy and wind powered energy.	Palestinian Foods Industries Union (PFIU) revise their work and have a combiation of different foods sectors considering the present of women.

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
What do you do to help businesses to have positive social and environmental impact, in particular in terms of economic justice and especially for women and youth?	How will you measure impact in a way which can show that the local economy is benefitting by multiplying inwards investment?		How can donors work a lot more closely together within agreed programming for Gaza?	What knowledge of local assets does your organisation have that can be shared for the benefit of your members or end users in your programmes?	What strategies or projects do you have that will specifically support business to switch to sustainable energy?	Do you invest in government or Industry association efforts to strengthen civic voice and joint economic planning?
Oxfam, PalTrade, DAI, and PFI offer Information packs and fact sheets on comparative advantage, incentives, case studies/seminars on how to include vulnerable people in the value chain. Vulnerable women and youth have been the primary target group for numerous value chain development projects, including well-being linked interventions. Small Enterprise Centre (SEC) have developed accessible business support methodologies and practice.	Recommendations were made on the WFP/Oxfam E-voucher project to measure the local multiplier using the LM3 ratio.		Danida, SDC and SIDA are closely coordinating and resourcing their economic development programming in Gaza and the West Bank, supporting different components of the same programming or different aspects of the same component. The EU has included an Economic Development sub group in their OPTI coordinating committee.	PalTrade has knowledge of exports and markets. GIZ has knowledge of environmental sustainability and business development, Ma'an has knowledge in agriculture development. DAI has knowledge and experience in developing industries. Oxfam has knowledge of advocacy. PITA has knowledge of the ICT sector. FAO have international experience in agricultural practice.	<i>Compete</i> , FAO, Islamic Relief and JICA provide Incentives to install renewable energy, and demonstrate the benefits of using renewable energy for uninterrupted supply and self-dependency	Danida invested in supporting the development of the multi-stakeholder platform (market system representative-based) the initiative to develop this Gaza SLED strategy, and for organisational development for PFIU and PITA. MercyCorps have provided institutional capacity building for PITA. GIZ is providing institutional capacity building for municipalities

Case studies of cross-pillar interventions

The 7 pillars of the Sustainable Communities framework are designed to operate interdependently for maximum impact. The following section provides *actual case study* examples from within Gaza which illustrate at project or initiative level, how the different sectors within the market work cohesively to support a thriving, enabling and growing local economy which multiplies the value of assets, grows the local economy and is accessible to all.

Private Sector

Women's micro processing and home-based business

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
A responsible, home-based women's food micro-processor that has grown significantly to a small-scale factory through needs-assessed business training, enterprise coaching, business advisory, technical support for processing, product costing, marketing, and administration. The owner has increased the number of distribution outlets and channels, product quality and developed her own brand name and logo.	The owner has grown staff numbers, employing local women in a vulnerable context and buys as much as possible from local small-scale farmers	The local authority responded positively to concerns that it was very complex and time consuming for a women's home-based micro-processor to formally register a business and worked closely with Oxfam and partners to simplify and speed up procedures and reduce costs. The design of the Donor/INGO project (Oxfam/Danida ERGS project) included a focus on women microprocessors with a mixed model approach and the linking of local businesses to local assets, such as the WFP/Oxfam E-voucher project	The owner works interdependently with several other women's microprocessors to dry sufficient quantities of product and achieve economies of scale. INGO's have developed a Food Security Coordination body for the West Bank and Gaza with a Value Chain development sub group to share learning and to try and coordinate activities.	The design of the Oxfam/Danida ERGS project included a focus on women microprocessors and supported links to rented space close to the homes of these women and to short value chain based local markets which were more culturally acceptable for dealings with supermarkets and deliveries.	The business recycles wherever possible to avoid waste and does not pollute.	The owner attends sector and multi-stakeholder meetings to represent the voice of small-scale women's processors

Medium sized local dairy

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
A responsible medium to large business which has improved competitiveness and had a large increase in turnover through enterprise coaching, improvements to production quality and diversification, and scaled-up and diversified distribution. The business has strengthened financial controls, and improved business planning and marketing, using a short value chain approach for fragile contexts to maximise on continuity of supply during conflict. The business has triple bottom line business plan objectives (economic, social and environmental).	Increased investment into growth, increased employment of local people, forward contracts with small-scale farmers on fair trading terms, supporter of the Buy Local campaign, procurement of locally made equipment and the ability at scale to replace dairy products coming in from outside of Gaza and to supply dairy components of aid requirements (WFP/Oxfam E-voucher programme)	Has been well supported by international agencies such as Oxfam and WFP and has been encouraged by industry associations and local authority technical leads to grow and to compete with products which come into Gaza.	Is an active member of the dairy processors forum and was pro-active in developing supply for the Oxfam/WFP E-voucher project.	Linked to Oxfam/WFP E-voucher project, which provided the confidence to more than double production and to diversify production/marketing for increased sales. Linked through ERGS project to small-scale producers for supply of additional milk needed for growth. Linked to high-level technical skills to diversify into yoghurt with automated liquid packaging and lidding. Has access to feasibility study for large scale production of dairy products	Has a triple bottom line business plan with a commitment to recycle in order to reduce waste, does not pollute, and has a willingness to use sustainable energy should this be available at a competitive price. Use a short value chain approach that reduces carbon emissions.	The owner of this dairy has been a strong supporter of multi-stakeholder action as a representative of larger dairies, and has supported micro and small scale processors during meetings.

Local authority

Economic, Agriculture and ICT Ministries and Gaza Municipality

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
The Economic ministry provides start up grants for small business. The Agriculture ministry has been very supportive of activities which seek to be inclusive of small-scale farmers and producers.	The Economic ministry has closely supported the private sector driven SLED strategy development process and the Buy Local campaign and standardised logo.	The ICT Ministry worked directly with PITA, student start-up businesses and the University College of Applied Sciences to lobby the Bank of Palestine to provide bank accounts for start-up student businesses and improve online payment facilities for the sale of online products and services in Gaza. This has benefited all online marketers and young entrepreneurs. Gaza municipality has strongly supported the JAC project with subsidised facilities and utilities.	The Economic, Agricultural and ICT Ministries have been consulted in the development of strategies and have been proactive in moves to develop their sectors and in attending multi-stakeholder development workshops. The Economic Ministry has been closely supportive of the private sector driven SLED strategy development process and in the development of the Buy Local campaign and logo.	The Economic and Agriculture ministries have offered links to their own initiatives, such as agricultural test farms and business start-up funding as linked assets for development activities	The Ministry of Agriculture has encouraged full cooperation with their test farms, including collaboration with the University College of Applied Sciences and UAWC under their agriculture development project to support sustainable agriculture learning and practice.	Although it had not been usual for local vulnerable women and youth to be represented in high level multi-stakeholder meetings, high level technical officials and other stakeholders have been supportive of allowing these women and youth a voice. Female technical officials from the Agriculture Ministry have been encouraged to taken part in institutional capacity building activities on local economic development and marketing.

Civil Society: Industry Associations, NGOs and Donors

Example: Economic Recovery in the Gaza Strip (Danida, Oxfam et al.)

Pillar 1: Responsible and competitive business sector	Pillar 2: Positive local money flows	Pillar 3: Public sector and civil society responsiveness	Pillar 4: Interdependence	Pillar 5: Identified, linked and accessible Asset base	Pillar 6: Environmental sustainability	Pillar 7: Strong civic voice
Mixed business model interventions focusing on selected micro, small and medium businesses and start-ups for three promising sectors. Needs assessment, capacity building, related training, product diversification and branding, market research, improved quality and production, coaching for female micro-processors. Business plans have economic, social and environmental objectives and fair forward procurement contracts with small-scale farmers.	Influencing aid effectiveness and funding into development projects in Gaza. Focus on local employment and procurement, investment into growth and substituting products coming in from outside of Gaza. Buy Local campaign acts to provide economic literacy, promote locally made products. Linking relief, recovery and development programming through the Oxfam/WFP E-voucher project to provide 100% local production of voucher products, leveraging growth and diversification of local manufacturers. Proposal to introduce measurement of the local multiplier (LM3) for all programming.	Coordinating action with related local authority actors such as the Ministry of Agriculture, ICT Ministry and MONE with complimentary planning and problem solving for barrier removal. Lobbying for coordinated multi-donor action and supporting action into coordinated/interdependent development projects. Close working with University College of Applied Sciences in developing ICT business skills for young women.	Feasibility study showing that it is worthwhile for investors to put money into large scale dairy production. Market research into dairy products in Gaza. Supporting the creation of industry forums for planning, influencing and collaboration. Supporting the planning and implementation of a trade mission to Dubai. Supporting the development of marketing strategies. Joint Donor and INGO working on the JAC, building student skills and matching them to employment. Development of multi-stakeholder SLED strategy for Gaza, replication and scale-up of the Buy-Local campaign and logo in the West Bank.	Study to measure the gap between local consumption and production of dairy and processed agri-products in Gaza. Feasibility study for large-scale dairy processing. Study of locally available key equipment and raw materials for the dairy and agri-processing sectors, including locally made/sourced equipment and raw materials.	Awareness raising amongst supported businesses, farmers and milk producers of sustainable agriculture practices and institutional capacity building of the business support services in triple bottom line business plans	Supporting the creation of multi-stakeholder platforms for influencing thinking and decision-making. Examples include the production of this SLED strategy and planning within sectors with representation from business (including women-led micro and small-scale processors), related local authority technical leads and related industry associations. Supporting the strengthening of industry associations to provide stronger member services and encouraging growth in membership.