



الإغاثة الإسلامية

February 2013

Blockade on opportunity

Gaza's unemployment trap,
and Islamic Relief's efforts to
tackle it



Introduction

The people of Gaza are afflicted with one of the highest rates of unemployment in the world, exacerbated in recent years by a blockade that has restricted imports of essential supplies and curtailed opportunities for trade and economic development. This report highlights the extent of the problem, and describes the work Islamic Relief is doing to help the people of Gaza escape from the unemployment trap.

A small but crowded land

The Gaza Strip is a narrow coastal strip of land beside the Mediterranean, in the southern part of Palestine. Its population is about **1.64** million people, **75%** of whom are refugees. According to figures from the Palestinian Central Bureau of Statistics, the proportion of children is **48.7%** and the population growth rate is **3.25%** per year (**2010** figures).

The land area of Gaza is just **365 km²**, with a length of about **41** kilometres and a width ranging from **7** to **12** kilometres. The Strip is bordered to the south by Egypt, to the west by the Mediterranean and in the north and east by Israel. It is divided into five districts; North, Gaza, Middle Area, Khanyounis and Rafah.

The high population density – about **3,600** individuals per square kilometre is one of many challenges facing Gaza and hindering its development. Mass unemployment, and the chronic poverty that goes with it, is a significant economic and social problem that Islamic Relief and others are working hard to address.



Unemployment and poverty in Gaza



Facts

- Unemployment stands at **45%** in the Gaza Strip, one of the highest rates in the world. Women account for nearly half of those unemployed (**47%**).
- Each person of working age has an average of seven dependents. This means that each additional person unemployed may have profound implications for the well-being and living standards of seven others.
- About **24,300** students graduate every year from local universities and colleges with very few opportunities to look forward to – the overwhelming majority are added to the count of unemployed youth.
- The **1.7** million population has very limited access to the outside world: there is no freedom of movement by air, sea or land.
- Two-thirds of the Gazan population (**65%**) live below the income poverty line, with **37%** living in extreme poverty.
- A blockade since **2007** has led to acute shortages of fuel and basic supplies and has severely restricted trade and other economic opportunities. A staggering **80%** of the population are dependent on humanitarian aid.

A stifling blockade

The Occupied Palestinian Territories (OPT) comprise the West Bank (including East Jerusalem) and the Gaza Strip. In human development terms they have a 'medium' ranking places them **114** out of **187** countries in the Human Development Index (Human Development Report **2011**).

Since the Israeli occupation began in **1967**, the economy of the West Bank and Gaza Strip (WBGS) has been an 'income economy' rather than a 'production economy'. This means that economic conditions and prospects are extremely dependent on the Israeli labour and

goods market. Since **2000** economic conditions have deteriorated in the WBGS.

The vulnerability of the civilian population in the Gaza Strip has been exacerbated by the intensification of the land, air and sea blockade imposed since **2007**. Despite some easing measures implemented since mid-**2010**, the blockade is now in its sixth year and continues to have a profound impact on the lives of all Gazans, driving many deeper into poverty and unemployment.

A recent UN report predicts a bleak future for Gaza's urban areas, where the population is growing steadily and economic and social needs are set to explode by **2020**. It states that unless the blockade is lifted and normal trade is allowed to resume there will be no fundamental change in the humanitarian situation in Gaza.



Why is Gaza's unemployment different?

Unemployment is a global problem, and one that challenges even the most prosperous countries and the most advanced economies. In the most developed countries there is at least considerable freedom to trade and to travel, alongside significant programmes of government assistance and public services for the most vulnerable.

In Gaza, however, a well educated workforce sees its earning opportunities severely restricted by the blockade – without the kind of government 'safety net' for the unemployed that many societies enjoy.

Gaza's unemployed breadwinners are facing a deepening crisis year by year as growing num-

bers of new graduates compete for employment in a depressed labour market. Local government capacity to respond to this crisis is extremely limited, especially with the added challenge of a blockade that prevents workers from finding opportunities abroad.



"The problem in Gaza is not one of educational capacity or potential in the workforce. When we employ a fresh graduate in one of our projects, we find professionalism, energy and dedication. The problem is that the opportunities open to our young people are extremely limited."

"Despite our work in developing cash-for-work programmes and microfinance enterprise loans, still we see high demand for more support to be provided."

Muneeb Abu Ghazaleh,
Islamic Relief Palestine's Country Director

Dependency and debt

The long-lasting effects of rising poverty and unemployment have eroded households' coping mechanisms and increased their dependency on aid: around **80%** of the population are in receipt of humanitarian assistance.

The combination of high unemployment, poverty and rising consumer prices is forcing families to take desperate measures to survive, such as cutting back on food, taking on higher debts, depleting their life savings, selling valuable assets and defaulting on utility bills.

The resulting hyper-unemployment disproportionately affects youth, women and refugees, with catastrophic consequences on the standards of living and the extent and depth of poverty. The slowdown in economic growth, increasing prices,

joblessness and delayed payments of Palestinian Authority wages are all putting pressure on household purchasing power. The PA fiscal crisis affects **160,000** employees who have only received around two weeks' wages since the end of October **2012**.



"Since my graduation in **2009**, I've been looking for a job to help my children and my husband, as he doesn't work due to a health problem he is facing."

Amani Daud, 26

Making life bearable and sustainable

Islamic Relief Palestine (IRPAL) in Gaza works to empower people so that they can become self-sufficient, reducing reliance on humanitarian aid.

We have supported the creation of micro-credit projects through two main financing techniques: Murabaha and soft loans (Qard Hasan). IRPAL has also provided temporary employment for hundreds of graduates and workers through its cash-for-work programmes and is providing practical help to fishing communities and to farmers who have lost their livestock. The impact of this work is positive and wide-ranging:

- We are responding in a very practical way to the desperate need for projects that alleviate the impact of rising poverty, unemployment and dependency ratios on the families we work with.
- Job creation is not only an economic imperative for many but also the key to the kind of full human development that IRPAL wishes to see.
- Young people can make a rich contribution to their communities but their exclusion from participation in economic life is a missed opportunity for the community as a whole.
- The payment of cash for work enables our beneficiaries to earn and to allocate scarce financial resources to household priorities.
- Microfinance projects develop the whole micro enterprise sector in Gaza, creating jobs for the unemployed now and building a platform for poverty alleviation and future development.
- Job creation and microfinance both help to maintain the dignity of the most vulnerable groups.
- Such projects stimulate recovery of the local economy by creating short-term work, reintroducing income flow and enabling families to spend more on local goods and services.

Working for change

Islamic Relief Palestine (IR PAL) has taken a number of measures to support economic development and enhance active participation in reviving the local economy. We have completed several projects in this area of work, including the following examples:



(1) Job creation projects

Several projects of this kind have been implemented by IR PAL, aimed at improving living conditions and easing the plight of the poor families through the provision of temporary job opportunities.

These projects provided temporary job opportunities for unemployed workers and young graduates for **3-6** months, where the beneficiaries were employed at public institutions, in hospitals, and with local NGOs of different areas of specialisation (agriculture, disability rehabilitation, orphanages, education and so on). The beneficiaries were given monthly wages of around **€200-240**.



Between the years from **2008** till **2013**, IRPAL implemented nine job creation and cash-for-work projects to contribute in solving the problem for around **4000** unemployed graduate and worker.

Working for change

(2) Micro credit programme (MCP)

Since **1998** our MCP has been financing small and micro projects, targeting the entrepreneurs who have existing small businesses or feasible ideas to start new ones. The purposes of the programme are to:

- Create micro businesses for unemployed people
- Sustain active enterprises
- Improve the social and economic situation for Palestinian households
- Encourage women to participate in economic development.

The programme has financed around **2,000** micro-projects, of which about **650** are still active loans and are currently re-paying their loans on a monthly basis.



(3) Vocational training and income generation projects

Islamic Relief has provided about **150** young people (including disabled people) with specialised vocational training and managerial training (establishing and running small projects).

It has also subsequently provided grants for **80** young people to establish income generating projects.

Success stories

Hashim (23)

"I graduated in **2011** after studying physical therapy. The first challenge for me was finding a job. I knocked on so many doors of institutions but in vain." Hashim is a Palestinian living with **14** family members in hard economic conditions.

Through the Graduates Employment Programme, Hashim was able to find work with Palestine Avenir for Childhood Foundation. The foundation specialises in educational therapeutic and social services for physically disabled children.

Hashim said: "After getting involved in this project, I started to depend on myself and help my big family. I can cover some expenses of basic needs for the family such as food and medicine. I am also getting experience."



Muneera (23)

Using sign language, Muneera expressed her appreciation for the opportunities that Islamic Relief has opened up for her: "I dreamed of being a staff member in the society of deaf adults, and Islamic Relief is making this happen now. It is my first time being an employee and getting a salary. I am so happy."

She added: "Our living conditions are difficult and this opportunity helps us provide some of our needs to live on. "I am newly married to a deaf man and I help him in furnishing our new house and in covering the rent."



Success stories

Ayman (26)

Ayman is another beneficiary in the cash-for-work project. He tells his story:

“This is my first work in my local area since my graduation. In the past, I didn’t find any job in my field; I worked in construction and I felt bad about it because I worked in a very faraway place and I used to get too little for my work.

“Now, I have a much better feeling. First, because I work in the field I studied. Second, I managed to solve some financial problems I was facing.

“What I really like in this job is that it’s giving me practical experience for what I learned before. I became familiar with running many medical machines in the hospital.”



Suha (23)

Suha started up her own business making abaya [cloaks] in Al-Bureij Refugee Camp, in central Gaza.

Suha is the breadwinner for her family, which consists of nine members. She is one of **100** young Palestinians in Gaza who have completed vocational training through Islamic Relief; **50** of them were employed and the other **50** were given grants to run their own businesses.

“I studied fashion styling for women and started practising this vocation at home designing clothes for children,” Suha said.

“I was enrolled in Islamic Relief’s programme, where I improved my skills through training then had a grant enabling me to get started.”

Please continue supporting Islamic Relief
to give more **opportunities**
for thousands of
Palestinians
who are keen to work and have
a better future.



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