



# **Reducing vulnerability through economic empowerment: a new approach to social protection in Palestine**

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# **Reducing vulnerability through economic empowerment: A new approach to social protection in Palestine <sup>1</sup>**

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## **Abstract**

Traditional social protection interventions are being delivered in Palestine by national and private actors, however, these interventions are unable to reach all those in need, especially people with extreme poverty. One of the social protection objectives is to graduate poor people from poverty and engage them in productive activities. There is a need to explore complementary strategies that can contribute to enhancing the efficiency and effectiveness of social protection. This research addresses the feasibility and efficacy of adopting economic empowerment (through micro-enterprise development) as a complementary strategy for social protection programmes, using the UNDP's Deprived families Economic Empowerment Programme (DEEP) as a case study which provides grants for micro-enterprise development. The results of the research show clear improvements in the livelihood outcomes of beneficiaries, and presents strong evidence for the effectiveness of economic empowerment interventions in reducing the vulnerability of extremely poor households and protecting beneficiaries against risks. DEEP's grants modality could be a positive promotive social protection measure that complements the national social protection interventions.

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<sup>1</sup> This research is based and draws heavily on Michael Sansour's Master's Thesis, "Grants for micro-enterprise development for extremely poor in Palestine", prepared for the Masters in International Cooperation and Development (MICAD) programme at Bethlehem University, Bethlehem, Palestine.

## **1. Introduction**

### **1.1. Poverty and poverty reduction**

Poverty has been defined in many ways depending on the causes of poverty. Until 1990, income was the only measure of development and poverty, where Gross Domestic Product (GDP) per capita is used to compare development among countries. However, scholars started to think that this measure alone is not enough to capture human flourishing, as there are other factors that are not reflected including health, education, and civil and political freedoms. Amarty Sen (1999) argues that “poverty must be seen as the deprivation of basic capacities rather than merely as low income”. Moreover, for the World Bank (2000) “poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one’s life”. This indicates the multidimensional nature of poverty. The World Bank (2000) believes in a multidimensional approach to reduce poverty to be concerned in issues of low levels of income and consumption, poor health, education, and other non material dimensions such as gender, and social exclusion. In summary, there is a need to focus on other dimensions that contribute to poverty such as the lack of choices and opportunities that contribute in building people’s capabilities and assets, and to access basic human needs.

### **1.2. Social protection**

In the past two decades, social protection (SP) has evolved rapidly in developing countries in response to poverty and globalised risks such as economic shocks and threats to livelihoods (Barrientos and Hulme 2009, Barrientos 2010, and Devereux & Sabates-Wheeler 2004). Social protection is perceived in different ways among the international development agencies and policy makers. For example, some view social protection as the short-term provision of safety nets to the poor to protect them from the impacts of shocks such as drought, death, or unemployment. These interventions may include cash transfers, food stamps, in-kind transfers, and fee waivers for health care and schooling. However, Devereux & Sabates-Wheeler (2004) criticised safety nets as being expensive, and welfarist leading to individual reliance on the governments, thus, directing scarce resources towards non-productive activities. This has resulted in another view of SP that provides short and long-term protection for poor people and promotes their livelihoods through economic growth (Devereux, 2001). Taking into consideration the multidimensional poverty nature including social vulnerabilities, others view social protection more broadly and see it not restricted to economic protection but also includes the social component. For this, SP is viewed as a tool for poverty reduction and an instrument for economic and social development (Devereux & Sabates-Wheeler 2004, and Barrientos & Hulme 2009). The broadening of the SP concept has created various definitions among international development agencies but all are concerned in addressing risk, vulnerability and poverty.

The World Bank’s Social Risk Management framework argues that social protection is capable of helping poor to bounce back to the productive sector through three strategies including prevention, mitigation, and coping with shocks and stress which underpin both risk and vulnerability (Holzmann and Jorgensen, 2000). In addition, by improving their risk management capacity they will be able to be involved in riskier activities that have higher return and can gradually graduate them from extreme poverty. In brief, the expanded view of social protection includes a range of interventions by different stakeholders that seek to tackle risk and vulnerability among the poor as an important mechanism to promote risk taking by the poor to engage in productive activities and thus contribute in reducing poverty and livelihood promotion. For Devereux and Sabates-Wheeler (2004), “social protection

describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalized; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalized group". Social protection is categorized between four measures including protective, preventive, promotional, and transformational (Jones et al 2010, Devereux & Sabates-Wheeler 2004). Protective measures provide relief from deprivation and include social assistance for chronically poor especially people who are unable to work, other measures include free health services, social pension for the elderly poor, and social welfare. These measures are financed publicly out of the tax base or through donor and Non-Governmental Organizations (NGO) support. Preventive measures aim to alleviate poverty, and they include social insurance programs to help economically vulnerable groups to manage livelihood shocks. Such programs may include formalized systems of pensions, unemployment benefits. Measures that aim to improve real incomes and capabilities of the poorest and most vulnerable are promotive measures, and they include a range of livelihood – improving programs such as micro-finance. The purpose of promotive measures is to concentrate on instruments that aim to income stabilization, and not to broaden the scope to include all developmental initiatives. Transformative measures address concerns of social equity and exclusion. It may include actions to protect vulnerable group against discrimination, and campaigns about public issues to transform people attitudes and behaviours, thus contributing to social equity.

### **1.3. Objectives of this paper**

Traditional social protection interventions are being delivered in Palestine by national and private actors, however, these interventions are unable to reach all those in need especially people with extreme poverty. One of the social protection objectives is to graduate poor people from poverty and engage them in productive activities. There is a need to explore complementary strategies that can contribute to enhancing the efficiency and effectiveness of social protection. This paper will address the feasibility and efficacy of adopting economic empowerment as a complementary strategy for social protection programmes. The paper relies on evidence from UNDP's Deprived families Economic Empowerment Programme (DEEP) as a case study for a programme that provides grants for micro-enterprise development. Results from this programme will be discussed against the backdrop of the vulnerability context in Palestine to assess the effectiveness of such interventions in addressing vulnerabilities and, hence, the applicability of enterprise development/ economic empowerment for the poor as a social protection strategy. The first section of this paper provides an introduction that relies on international literature and describes the methodology applied in the paper. Section 2 provides an overview of the vulnerability context in Palestine, as this is will be the point of reference for the paper. Section 3 provides an overview of the history of social protection in Palestine, in an effort to clarify the current context and highlight the deficiency of the national social protection programme. Section 4 presents a discussion of the key findings of the survey conducted with a sample of the participants in DEEP. Finally, section 5 presents the conclusions of this paper.

### **1.4. Methodology**

This paper relies heavily on local literature regarding social protection, poverty and the Palestinian economy in setting the context of social protection mechanisms adopted by different actors in the Palestinian society. The paper uses a survey of 380 beneficiaries of DEEP programme to answer key questions on the impact of economic empowerment interventions on beneficiaries. The sustainable livelihood Approach (SLA) was used in analysing the role of grants for micro-enterprise development in improving the livelihood outcomes and in reducing risks and vulnerability. The results of the indicators were coded and analysed using the SPSS software. Descriptive statistics were used in analysis including frequency, mean, and standard deviation. Results are presented in pie chart and graphs. The research scope focuses DEEP programme as a case study to test the hypothesis that

economic empowerment intervention can constitute an efficient social protection strategy. It is important to note that the results of the survey presented in section 4 are heavily dependent on the perceptions of the beneficiaries.

## 2. Sources of vulnerability in Palestine

Palestinian poverty has traditionally been associated with many factors some directly related to the occupation and conflict, others resulting from social and economic factors specific to the local context or generally occurring in underdeveloped economies. While literature on Palestinian poverty focuses on conflict related factors, it is important to form a wider view of other causes of vulnerability including socio-economic factors not directly associated with the conflict.

According to Hillal (cited in FAO and MAS 2008), poverty as explained by a poor is a result of “unemployment, low income, absence of a [working age] male in the household, illness, disability, old age, orphanhood, large family size, restrictions on women’s freedom to work, alcohol and drug addiction and low level of education”. These conditions exacerbate the economic and social vulnerability leading to poverty and the inability of the household to address basic needs. However, in the West Bank and Gaza Strip other factors also contribute to poverty. FAO and MAS (2008) argue that the overall presence of the occupation including closures, movement and access restrictions, and obstructing the Palestinian control to their natural and economic resources limit job prospects and adds to poverty. Occupation and violence is depleting Palestinians’ assets such as the loss of land, and belongings.

### 2.1. Conflict related vulnerability

Conflict brings risks and insecurities that need to be addressed as they may lead to high vulnerability causing households to become poor and marginalised (Darcy 2004). Darcy argued that conflict has short and long-term effects; damaging the daily course towards livelihoods, and diminishing factors that makes livelihoods sustainable. In addition, he identified two types of vulnerabilities; the first is about displacement, losing assets, and overall disruption of livelihoods that are associated with acute shocks such as violent conflict. The second form of vulnerability is concerned with extended or ongoing conflict that leads to breaking up education and health services, increasing mortality, and diminishing survival strategies (Darcy 2004). MAS and FAO (2008) argue that these two forms of vulnerability exist within the Palestinian context.

#### **Dispossession**

According to NCPA (1998), Palestinian life has involved mild to extreme levels of violence that led to an ongoing poverty and economic and social insecurities. The most striking source of vulnerability is **dispossession**. Over 750,000 Palestinians were forcefully removed from their villages and cities during and after the 1948 war. Those refugees have since then lived in refugee camps, totally deprived of their original assets and sources of livelihoods. The impact of this dispossession can still be witnessed to this very day. Many destitute families are living in refugee camps. Poverty statistics clearly indicate a higher likelihood of being poor for residents of refugee camps. PCBS (2007) shows that poverty rates in refugee camps stood at 38.6%, while the national average was 30.8%. The prolonged conflict has increased food insecurity, and led to the disruption of educational and health services to Palestinians, as well as dependency on external assistance (FAO & MAS 2008).

#### **De-development**

One of the major factors contributing to poverty and vulnerability in the Palestine is what was termed by Sarah Roy (1987) as the **de-development** of the occupied Palestinian territories.

Roy describes a case of developing an economy largely dependent on Israel. This argument is supported by data that shows the gradual reduction in the size of productive sectors of the economy compared to commerce and construction, which are largely financed by incomes from employment in Israel and elsewhere in the region. Naqib (2002) has categorised the Israeli practices and measures that contributed to this process of de-development into three categories:

- Restriction on the use of natural resources
- Restrictions on the economic activities of the productive sectors
- Resource transfer to Israel, and the neglect of the public sector

### **Access to labour markets**

A key component of Israel's policies since the occupation has been to open its labour market to, largely unskilled or semi-skilled, Palestinian labour. Workers, tempted by the higher wages offered in the Israeli labour market, started seeking jobs in the construction, manufacturing and agricultural sectors of the Israeli economy. In the eight years following the 1967 war, the number of Palestinian workers rose to 66,000 in 1975, and continued rising to 109,000 in 1987 constituting over 35% of the employed population in Palestine (World Bank, 1993).

The proportion of Palestinian labour in Israel signifies the level of the crisis that was created whenever the Israel's closure policy restricted workers access to the Israeli Labour market. The final blow struck by this policy was in 2000 when after the start of the intifada the number of workers dropped from around 130,000 to less than 25,000. Additionally, over 35,000 jobs were lost in the Palestinian labour market as a result of the consequent economic crisis and unemployment rates increased from 10% to over 26%. Consequently, poverty (World Bank 2002). The impact of this measure on poverty was also tremendous. The World Bank estimates that poverty rates rose from 21% to 33% in the three months following the Intifada. Six years on, PCBS estimated income poverty to be at 56.8% in 2006.

### **Other consequences of the conflict**

While the issues stated above constitute the major sources of vulnerability in the Palestinian society with relation to the conflict, it is important not to underestimate other actions by the Israeli government that create shocks for individual households. Those factors include death of household members, injury, arrest and destruction of properties (including houses, enterprises and productive assets). While these are not general cases that affect, their impact can be severe enough on the affected households and might have negative consequences on the economy as a whole, especially in periods of intensified conflict. For example, after the Gaza War in 2009, the EU (2009) estimated the cost of the physical damages to be around Euro 515 million, notwithstanding the opportunity cost of production in the private sector.

## **2.2. Socio-economic factors contributing to vulnerability**

The Poverty Report, published by PCBS (2007) illustrates the different socio-economic factors associated with poverty and vulnerability in Palestine. These factors include household size, gender, and type of locality. Before starting the discussion on household poverty, it is important to note, that the presentation of poverty rates here is based on consumption patterns and not on income poverty. Income poverty is calculated based on the level of income required to purchase a basket of basic items required for survival and welfare (including food, shelter, health, education and transport), while poverty prevalence according to consumption patterns measures the ratio of households able to cover these basic items regardless of their income. Due to the high number of social protection initiatives, the rate of income poverty is almost twice that of poverty calculated based on

consumption trends (56.8% compared to 30.8%). The discussion below is almost entirely based on the latest poverty report published by PCBS in 2007.

The data presented by PCBS shows that larger households are more likely to be poor. The statistics show a clear trend of increasing poverty rates as the household size increases. While only 15.7% of 2-3 person households are poor, the rate of poverty for households with 10 members or more is 57.8%.

The number of children within the households is also a second factor that is associated with the likelihood of falling into poverty. The larger the number of children within the household, the more likely this household is to fall into poverty. While only 24.8% of households with 1 or 2 children are identified as poor by PCBS (2007), almost two thirds of households with 9 or more children are categorised as poor. Additionally, households headed by females are slightly more likely to fall into poverty than male-headed households (35.6% compared to 30.3%).

Labour force participation of the head of household is also a key indicator associated with household poverty. Households whose head of household is participating in the labour force have a poverty rate of 29.3% compared to 38.3% for those whose head of household is not participating. In the cases where the head of households is unemployed the likelihood of falling into poverty increases to 43%.

### **3. History of social protection in Palestine**

In response to the increasing levels of violence, and poverty, UNRWA, UNDP, Ministry of Social Affairs (MoSA) and other organisations launched several initiatives to address economic and social vulnerability to help Palestinians to cope and overcome with the impacts of conflict and declining situation in WBGS with special focus on the poor (FAO and MAS 2008). Such measures included formal and informal interventions such as cash and in kind assistance, implementing job creation projects, establishing pension funds and health insurance, offering micro credit programmes to the poor, and institutionalising social protection under MoSA. These interventions are grouped under protective, preventive, promotive, and transformative measures. The following sections concerned with these measures rely extensively on FAO and MAS (2008).

Protective measures emerged with the creation the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in response to the first wave of displacement of Palestinians in 1948. UNRWA started its social protection activities by providing basic protective social assistance to the refugees including in-kind assistance (food and shelter), as well as services including health and education (FAO & MAS 2008). Protective measures include cash and in-kind assistance that could be formal and informal, as well as job creation projects. Informal assistance is closely linked to the family and friend relationship as both play a leading role in the social fabric in Palestine. Families support their vulnerable member in different way including grants, gifts, services, and financial aid (Hillal 2002, cited in FAO and MAS 2008).

The Ministry of Social Affairs (MoSA) and other organisations such as UNRWA and Zakat Committees (Islamic charities) mainly provide formal cash and in-kind assistance including healthcare, education. For example, MoSA used to provide assistance to about 50,000 families in 2010 this number increased to around 60,000 households under the hardship cases programme. This programme has several criteria and according to MoSA strategy document this programme will focus and include all households below the deep poverty line and have no source of income.

Preventive measures mainly emerged after the 1967 where Israel occupied the West Bank and Gaza Strip resulting in another wave of refugees, and disruption of the Palestinian livelihoods. The occupation has deprived Palestinians to control their natural and economic resources, and it had negative effects on the Palestinian well being, factors of productivity and economy, education, and social capitals (FAO & MAS 2008). Remittances from Palestinians working in Israel and the Gulf States acted as the main preventive measure for the Palestinians in WBGS to overcome risks and hardships resulting from the occupation (Diwan and Shaban 1999, cited in FAO and MAS 2008). Another preventive measures included the public health insurance in the 1970s, however it was limited to Palestinian civil servants (Hamed & Al-Botmeh, 1997). In the 1990s, health insurance private companies began to provide preventive measures beyond the public sector (Hamed & Al-Botmeh 1997, cited in FAO and MAS 2008).

Promotive measures were initiated by UNRWA, for example in 1989, in response to the first Intifada, it initiated the employment generation scheme, which focused on providing business opportunities for small firms. In addition, after the Gulf War it also started a micro-finance and micro-enterprise programmes in response to the decrease the financial support resulted in the drop of remittances from abroad (NCPA 1998). The Deprived families Economic Empowerment Programme was launched in 2007 with around 30 million USD commitments from the Islamic Development Bank for the benefit of the Palestinian Authority. The programme implementation was entrusted to the UNDP as a leading international development agency that is able to mobilise the necessary resources for this purpose. The programme aimed to improve the livelihood outcomes of 6000 poor households (4000 through grants, and 2000 households through micro credit scheme) mainly through the development of income generating micro-enterprises (FAO and MAS 2008 , UNDP DEEP project documents).

With the establishment of the Palestinian Authority (PA) in 1994, the Ministry of Social Affairs (MoSA) took over the responsibility of social protection and expanded its services to include non-refugees. According to Johnson (1997), social protection, prior to the creation of MoSA, was provided in an uncoordinated way by national and international non-governmental organisations and charitable societies, and despite their efforts, large segment of the poor population were excluded from social protection services. For example, by 1995, the number of beneficiaries receiving assistance by the MoSA doubled and reached to 85,819 individuals as result of including families with members killed, severely wounded or arrested during the first Intifada (Johnson 1997). FAO and MAS (2008) view the creation of MoSA as a transformative measure that is concerned with policies to improve the social protection in WBGS by protecting the rights of the vulnerable. For example, several laws were adopted such as the labour law that include prohibiting discrimination, and laws to protect vulnerable groups such as children and the disabled.

### **3.1. MoSA social protection strategy**

Since the Palestinian Authority developed its 2-year strategy for state building, its institutions committed to developing their existing programmes. The Ministry of Social Affairs was responsible for the development of a National Social Protection Strategy which must work on unifying existing social protection programmes, avoid duplication and ensure the adherence to a unified targeting methodology. Under this framework, MoSA also embarked on the unification of its multiple social protection programme under a single programme: The National Programme for Social Protection (NPSP).

The National Programme for Social Protection currently targets over 60,000 Palestinian households, and aims to expand its reach to around 90,000 households constituting the majority of households living in extreme poverty. Its services target a diverse group of poor households, based on a proxy means testing formula (PMTF) developed based on the

PCBS Palestinian Expenditure and Consumption Survey. The NPSP supports three key service lines, all of which are intended as protective measures for the weakest segments of the population. The Cash Transfer Programme is the key component of PNSP, the reformed programme provide varying amounts to poor households ranging from USD 70 to USD 200 per month (on a quarterly basis). The value of the cash assistance is determined according to the size of the family and the degree of poverty as determined through the PMTF. The PNSP also provides food assistance through a WFP supported programme and covers households listed on PNSP beneficiary lists contribution to the national health insurance scheme. Additionally, the PNSP also includes emergency assistance to some households to assist them in recovering from sudden shocks.

Through the national protection unification strategy adopted by MoSA in 2010, the Palestinian Authority intends to create a national, entitlement-based social protection programme. This Programme will constitute one of the main elements of the PA's social policy and will ensure that all poor and vulnerable Palestinian households will be able to benefit from social protection interventions. Another key component of the strategy is to expand the diversity of services being provided. Currently, NPSP offers protective social security interventions with little emphasis on promotional and preventive measures. Both MoSA and Ministry of Labour view, with favour, the introduction of promotional social protection measures such as economic empowerment interventions. However, most of the promotional measures are being undertaken by international organisations, international and national non-governmental actors. For example, UNDP has been implementing, in cooperation with MoSA, The Deprived families Economic Empowerment Programme (DEEP), a large multi-year project aiming to graduate poor out of poverty through economic empowerment.

### **3.2. UNDP Deprived families Economic Empowerment Programme (DEEP)**

The Deprived families Economic Empowerment Programme was launched in 2007 with around 30 million USD commitments from the Islamic Development Bank for the benefit of the Palestinian Authority, and implemented by UNDP. The programme aims to improve the livelihood outcomes of 6000 poor households (4000 through grants which is the scope of this research, and 2000 households through micro credit scheme) mainly through the development of income generating micro-enterprises (FAO and MAS 2008, and UNDP's DEEP project documents). It goes beyond short-term employment intervention as it brings long-term benefit through engaging the poor in the economic sector (El-madhoun et al 2009). In addition, the programme provide capacity building component for the partner NGOs, who work as micro-finance institutions, to help in targeting the beneficiaries and in implementing the grants and micro-credit programmes.

DEEP targets the poor, people who fall beneath the nationally set poverty line. The grants component is concerned with supporting around 4000 families from the West Bank and Gaza Strip living under the deep poverty line to help them to start income generation activities. The programme relies on SLA as an analysis approach to determine the status of each family, one of the main criteria in targeting the family (already under the poverty line) is the existence of human capital within the household that cab be engaged in the implementation, and management of these income-generating activities. Fieldworkers from NGO partners, using SLA, analyse the capacities and assets of the families in a participatory manner. According to El-madhoun et al (2009), "DEEP modality is much appreciated by beneficiary families as they are involved in every aspect of the process and feel ownership of the interventions designed to help them". The average size of the grant provided to each household US\$ 5,330.

While DEEP programme was implemented under the leadership of MoSA, it was never incorporated as a national programme. As DEEP has been achieving results (El-madhoun et

al 2009), the interest in its adoption as a promotive social protection measure by MoSA has increased. However, it remains to be seen if DEEP's grants programme for micro-enterprise development is indeed an effective intervention in achieving the objectives of social protection. This research will address the key issues that can help answer this question.

## **4. Results and discussion**

### **4.1. Introduction**

This section presents and discusses the results of this research using SLA as an analysis and evaluation framework (DFID 1999) to examine to what extent the modality of DEEP's grants for micro-enterprise development interventions is an effective strategy for social protection to graduate extreme poor households from poverty in Palestine. These grants supplemented by skills development through training and follow up meetings promote the financial and human capitals respectively of the targeted poor households, from which are utilised to initiate different income generating projects (livelihood strategies). This section starts by giving general information about the characteristics of the beneficiaries in DEEP's grants within the sample used. Then it is divided into the following themes:

- Impact of DEEP's grants for micro-enterprise development on the livelihood outcomes including income, vulnerability, and well-being
- Sustainability of grants for micro-enterprise development.

### **4.2. General characteristics of the beneficiaries**

DEEP's grants for micro-enterprise development targeted around 4000 extreme poor households living around and under the deep poverty line level. The sample size used for this research was 348 households, and the average size of the grants, according to UNDP was US\$ 5,330 (admin cost included). The sample shows that 70.69% of the beneficiaries are males, and 29.31% are females (Figure 4.1.a). The results show that most of the beneficiaries received the grants (35%) are within the age 40-49 years old followed by 25% and 20% within the age 30-39 and 50-59 respectively (Figure 4.1.b). The percent of the beneficiaries above 60 years old are 7.8% compared 1.1% for the ones who are less than 20 years old. Finally, the youth between 20-29 years were 10.6% of total beneficiaries. This indicates that the extreme poor families are distributed among different ages from young to old in Palestine, and that the age of the majority (62.8%) of the extreme poor are above 40 years old, who are can be economically active among the poor.

Figure 4.1.c shows the distribution of the beneficiaries according to their level of education. Most of the beneficiaries finished basic (39%) or secondary (36%) education. However, the percent of beneficiaries whose level of education is at bachelor or college levels are less, together they constitute 12.5% of the sample. Illiterate and literate beneficiaries were 3.7% of the sample, and 6.9% respectively. The beneficiaries are distributed across the West Bank and Gaza Strip. The results in Figure 4.1.d show that there are more beneficiaries (25%) in the south compared to 20% in the middle and north of the West Bank. In Gaza Strip the percent (33.6%) of the beneficiaries is higher compared to the West Bank Governorates. As for the beneficiaries' distribution by type of community (Figure 4.1.e), the results illustrate that most of them live in rural areas (65%) compared to about 19% and 16% living in refugee camps and urban areas respectively.

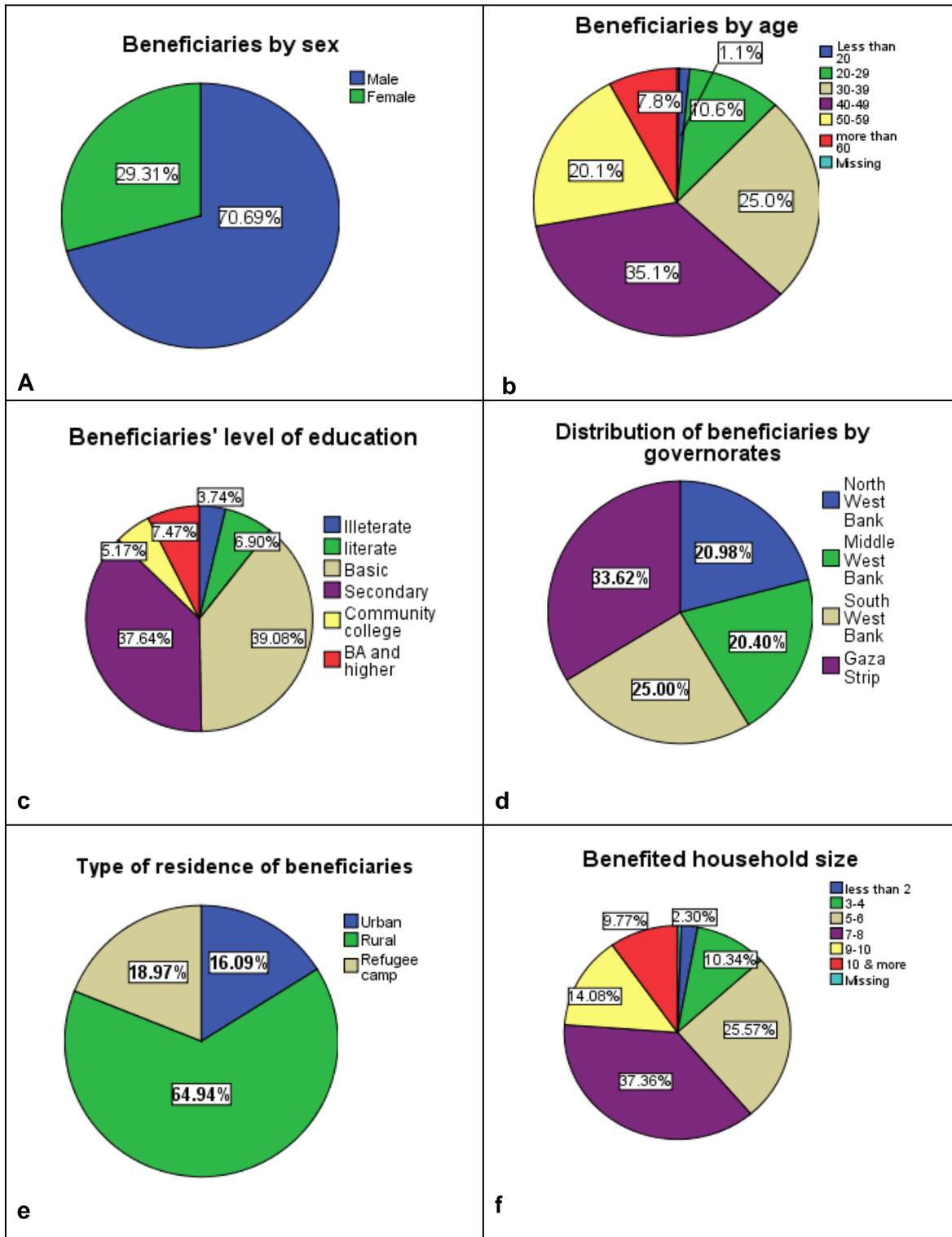


Figure 4.1. General information about the households benefiting from DEEP's grants programme

The household size varies among the beneficiaries from less than two (2.7%) to 10 and more (9.8%) household members (Figure 4.1.f). The highest percent of the beneficiaries (37%) have 7-8 household members compared to 2.3% of beneficiaries who have two household members or less. The highest average household size in Palestine, according to PCBS (2009) is 6.7 in North Gaza. Comparing the total beneficiaries with household size from 7 and above to less than 7, about 61% of the beneficiaries have 7 and above household size, which is more than the average.

In summary, the extremely poor beneficiaries of the grants are mostly males (71%), and are between 40-49 years old. They are distributed across the West Bank where 25% are in the southern Governorate and 33% in Gaza Strip. Finally, most of the beneficiaries live in rural areas and have large household size, where about 61% are above the average.

#### **4.3. Impact of DEEP's grants for micro-enterprise development on the livelihood outcomes**

Livelihood strategies are the set of activities households rely on to improve their livelihood outcomes. These strategies may include finding employment or starting an income generation projects among others (DFID 1999). Livelihood outcomes can be reflected in the form of improved income and living standards, and reduced vulnerability. In adverse situations, livelihood outcomes may deteriorate because of the households' inability to maintain a sustainable use of its capitals leading to reduced income, food insecurity and deterioration in other outcomes. In general, livelihood strategies that increase the household's resilience to external shocks and contribute to building its asset base are essential to enable the household to graduate from poverty (DFID 1999).

The grants provided to the poor households have been utilised in economic activities in the field of services, agriculture, animal husbandry, manufacturing, and commerce. Poor households with the assistance of DEEP programme have decided on the type of their livelihood strategy that they will carry out. DEEP supported the creation of a diverse set of enterprises such as starting a grocery, washing machine maintenance shop, and sheep-breeding projects. In average, the grant size for each household was US\$ 5,330 (admin cost included). This section will present and discuss the perception of the beneficiaries on the overall impact of grants for micro-enterprise development on them and their families (Figure 4.2). Then it will see the effect of the grants for micro enterprise development on the livelihood outcomes including income, well-being, and vulnerability (Figure 4.3 & Figure 4.4). The results are based on the perceptions of the beneficiaries and they are descriptive showing the frequencies of responses.

The results in figure 4.2 show that the majority of the respondents (82.13%) said that the projects had positive impacts compared to 5.19% and 12.68% who perceived negative or unchanged impact of the grants respectively. From this general perception we can suggest that the impact has been very positive given the high percent indicated in the results. The negative perception is in line with the fact that there are about 12% of the projects did not continue (Figure 4.7.a). Figures 4.3 and 4.4 show the impact of the grants on income, which is the first livelihood outcome studied. The results shows that 79.6% of sample said that their income has increased as a result of the project, while the rest thought that their income did not improve. About 45% said that the percent of increase in income was about 25%, and about similar percent of the beneficiaries have increased their income within the range of 25-50%. The rest (about 9%) said that they have increased their income more than 50%.

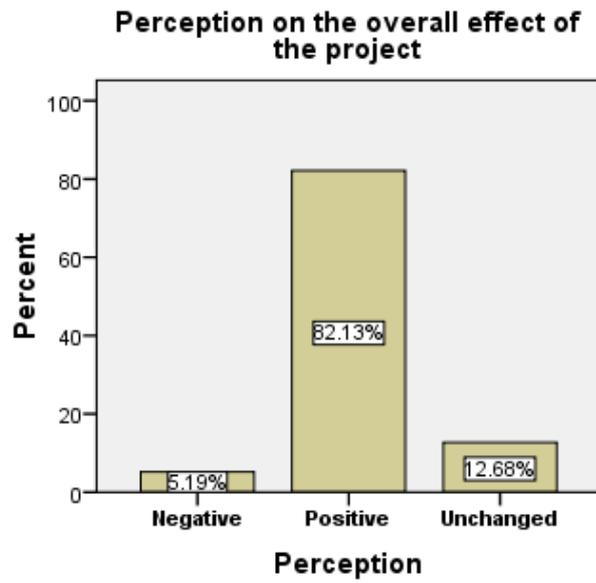
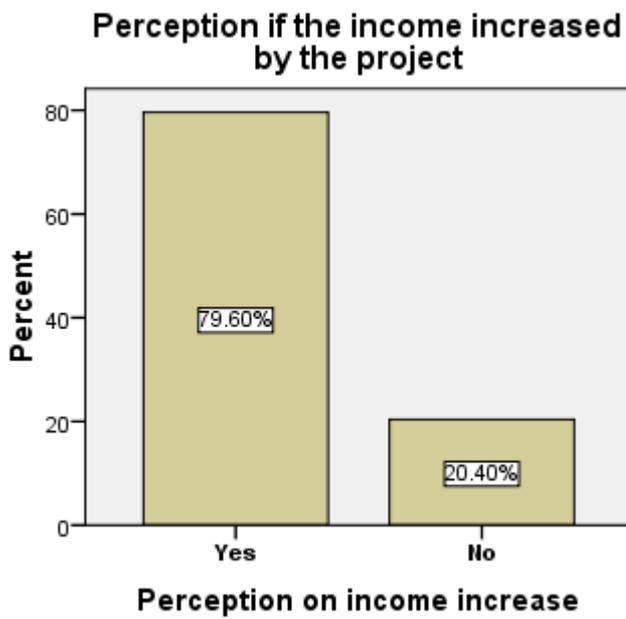
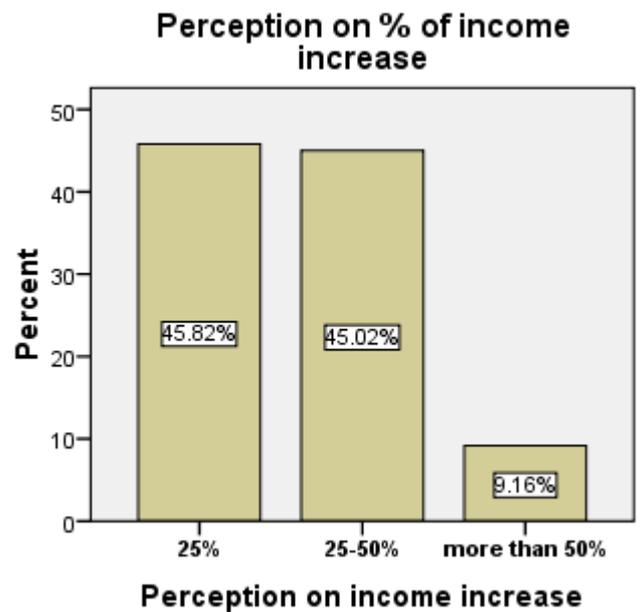


Figure 4.2. Perception (%) of the beneficiaries on the overall impact of the grants for micro-enterprise development on them and their families



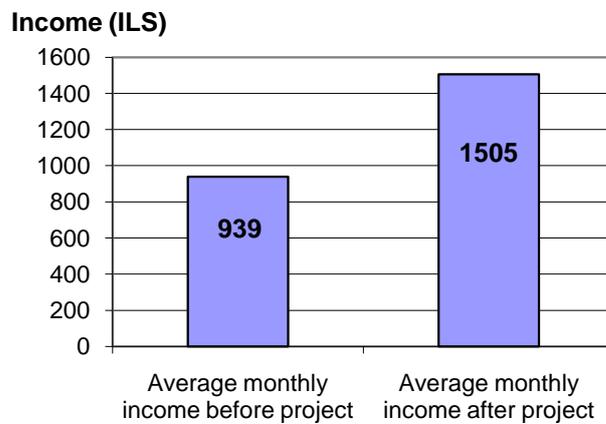
a



b

Figure 4.3. Impact of grants for micro-enterprise development on income

### Average income in Israeli Shekels (ILS) before and after the project



**Figure 4.4. Average income of beneficiaries before and after the intervention**

Figure 4.4 indicates the average income before and after the intervention. In Israeli Shekels, the average of the income of the beneficiaries was 939 ILS (USD 260), which increased up to 1505 ILS (USD 418) demonstrating an increase of about 60%.

These results related to the impact of the grants for micro-enterprise development on income are coherent and clearly show a trend that suggest an improvement of income of the beneficiaries. Improvement in income is an important livelihood outcome where it can be utilized to improve other outcomes, respond to risks, use for investment, and in improving other livelihood assets.

The results of the impact of grants on other livelihood outcomes including food and well being are illustrated in figure 4.5. The perception of the respondents is that grants have either no effect, improved or reduced their livelihood outcomes. In average we can see that there is about 45% of the beneficiaries said that grants improved their food consumption, their expenditure on goods, services, and clothing, and their access to education and healthcare compared to about similar percent that said that there has been no change, and to about 8% who said that grants have reduced these livelihood outcomes. On the other hand, in regard to the effect of grants on access to transportation means and leisure activities, and housing condition, about 60% of the beneficiaries found that there is no effect compared to about 30% who said that these outcomes have improve. Only 10% percent of the beneficiaries responded that these outcomes decreased. These results that showed reduction in the livelihood outcomes can be explained to the fact that about 12% of the projects where not sustainable. As for the results that demonstrated there is no change could be explained that projects' time of existence ranges from less than 6 months to more than 12 months. This could lead the beneficiaries who just started their projects to respond that there is no change on their livelihood outcomes as the impact is not visible yet. These results indicate that there is an improvement on the livelihood outcomes including food and well being of the poor households who received the grants and used them in economic activities.

Reduced vulnerability is another livelihood outcome that was measured in this research. Figure 4.6 shows the perception of the beneficiaries on the impact of the grants on their reliance on aid. The results show a decrease in reliance on aid with different degrees among the beneficiaries. Most of the beneficiaries (48.55%) claim that their micro-enterprises have helped in reducing their reliance on aid by 25% compared to 28% and 16% who said that their reliance on aid decreased by 25-50%, and 50-75% respectively. Only 6.65% said that they do not need aid anymore. This result may indicate that these households who do not need to aid have their vulnerability has been highly reduced, and they are able to cope with risks. This indicator in general shows to what extent the grants reduced the degree of reliance on aid, which is useful to see how economic enterprises to the poor would reduce dependence on receiving aid and thus reduces the social protection cost on the government.

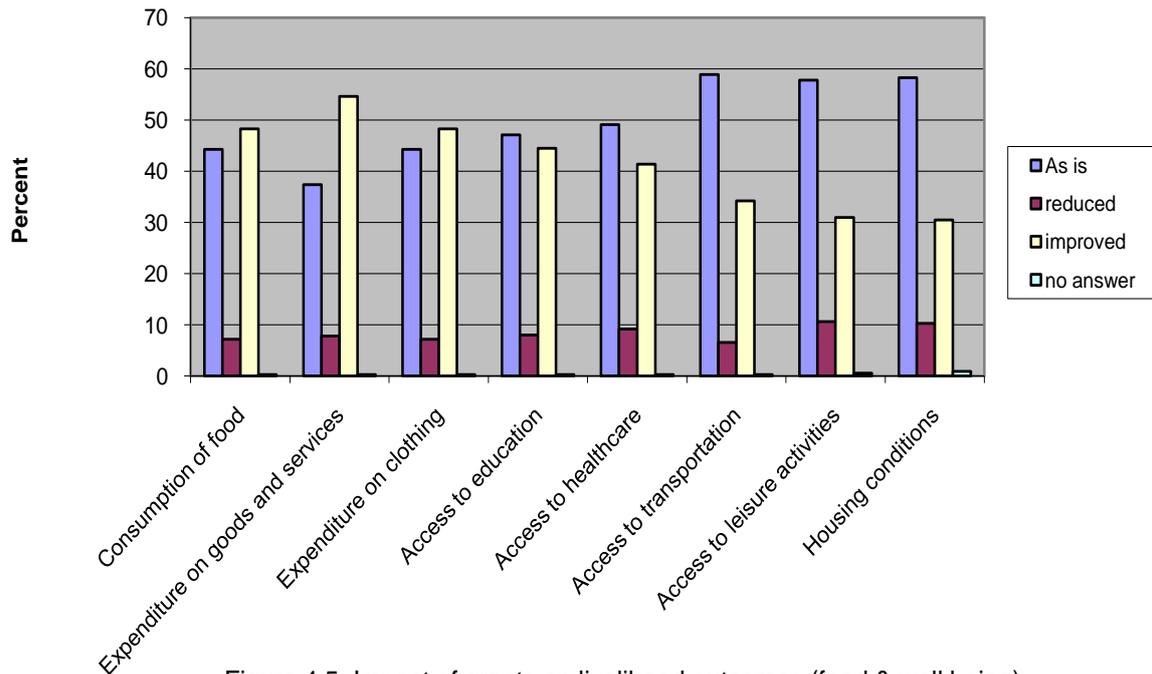


Figure 4.5: Impact of grants on livelihood outcomes (food & well being)

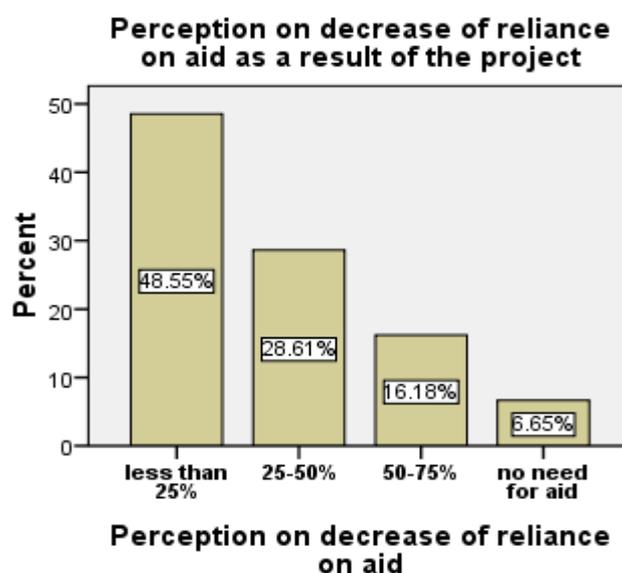
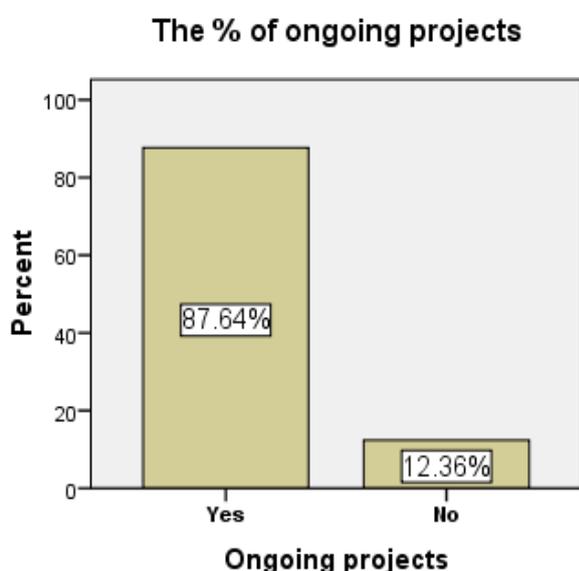


Figure 4.6. Perception of beneficiaries on the impact of grants for micro-enterprise development on their reliance on aid

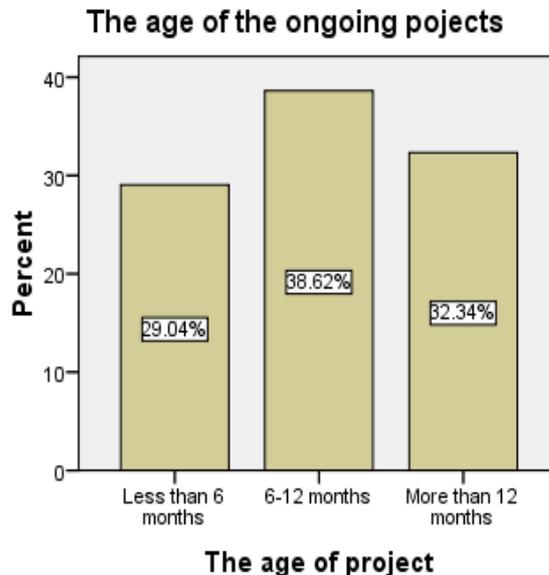
Improvement in these livelihood outcomes is important to graduate poor household from poverty (DIFD 2000). Improved income, education and health along with food consumption among the poor, contributes to human and economic development. Contributing in reducing vulnerability increases risk taking by the poor to engage in more productive livelihood strategies which will enhance general and pro-poor economic growth and poverty reduction (Shepherd et al 2004, and OECD-DAC 2009). The results suggest that grants for micro-enterprise development would be a good tool in enhancing livelihood outcomes, thus contributing in reducing poverty.

#### 4.4. Sustainability

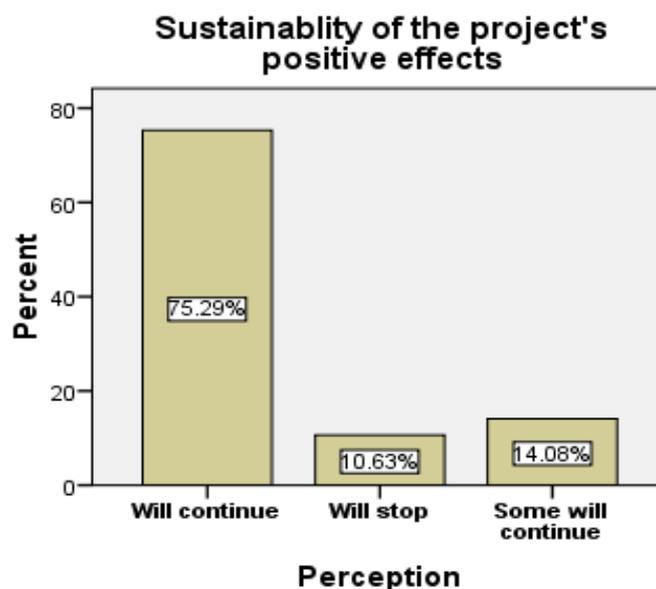
Sustainability of grants for micro-enterprise development was examined in this research. One of the main criteria for a selection of social protection intervention is sustainability, which will provide a long term benefit and assistance. Sustainability could be realised if the enterprises are active after the intervention, and if their outcomes have a long-term impacts. Figure 4.7.a shows that 87.64% of the projects initiated by DEEP's programme are still active compared to 12.36% that have stopped. Figure 4.7.b also shows, that according to the survey, the current life of the enterprises ranges from less than 6 months to more than a year. About 29% of the projects' life are within 6 months, 38% within 6-12 months, and 32% more than 12 months. Finally, the results in figure 4.7.c indicate that 75% of the beneficiaries believe that the overall impact of the enterprises will continue compared to 10% that said that the impact would stop, and 14% think that some of the impacts would continue. From these results in figure 4.7 we may conclude that there is a high sustainability of the enterprises; physically on the ground, as well their impacts on the beneficiaries. This is very important to take into account when social protection interventions are considered. Sustainable impacts would provide support for the poor household to graduate from poverty.



a



b



c

**Figure 4.7. Indicators related to the sustainability of grants for micro-enterprise development**

## 5. Conclusion

Assessing whether economic empowerment interventions can constitute a suitable social protection mechanism in Palestine is directly associated with the effectiveness of such interventions in addressing the key causes of vulnerability in the Palestinian context and producing a positive impact on the livelihoods of targeted households. The relevance of such interventions to the needs and situation of targeted households is another key factor in determining the suitability of such mechanisms. The experience of the Deprived families Economic Empowerment Programme (DEEP), as evaluated by our research, presents strong evidence for the effectiveness of economic empowerment interventions in reducing the vulnerability of poor households and protecting beneficiaries against risks.

### 5.1. Impact on livelihood outcomes

The results of the survey show clear improvements in the livelihood outcomes of beneficiaries. This conclusion is supported by the declared increase in monthly income as 79.6% of surveyed beneficiaries noted that their income has increased, while the average income increased is estimated at about 60% according to their responses. Programme interventions also had a significant impact on the living conditions of beneficiaries as respondents indicated improved food security, enhanced consumption of goods and services, and improvement in living conditions. Respondents also indicated improved well being as access to healthcare, education and transport has improved. On a social level, the research also presented evidence for improved social capital indicated by enhanced participation in social activities, higher self esteem and confidence.

The research also presents evidence for significant improvements in the assets base of beneficiary households. The implementation of this programme relied extensively on the transfer of physical assets to the beneficiaries and the development of natural and human capitals. Additionally, as a result of the establishment of micro-enterprises, households witnessed improvements to their financial capitals (through savings) and social capital.

## **5.2. Sustainability and vulnerability**

The programme also had considerable impact on reducing the vulnerability of the beneficiaries. The results of the survey indicate that over 87% of the established micro-enterprises remained operational. This success rate is highly associated with the participatory methodology adopted in the design and implementation of interventions and the follow up maintained by the programme. Additionally, over 75% of the respondents expressed their perception that the positive impacts of the programme will remain. The sustainability of the micro-enterprises and their impact on the household is a key factor in ensuring long-term protection against vulnerability.

## **5.3. Relevance to the national vulnerability context**

Despite the impressive results indicated by the respondents to the survey, they are not sufficient to promote a public policy in favour including economic empowerment as a key intervention in the social protection framework adopted by the government. Such a policy move should be based on the effectiveness of this type of service in addressing the key factors that contribute to vulnerability at a national level.

The development of micro and small enterprises is, in itself, a strategy that responds to the systemised de-development policies and measures applied by Israel in Palestine. Such enterprises instigate a process of local economic development that challenges the measures imposed by Israel that causing underdevelopment in Palestine. Additionally, micro-enterprise development contributes to increasing self-employment. As such it addresses another key factor contributing to vulnerability on the national level which is reliance on the Israeli labour market. The results of DEEP's evaluation show that the programme contributed to creating over 8800 job opportunities in the local market. Increasing investments in this type of interventions can lead to improving the absorption capacity of the Palestinian labour market, and reduce reliance on the employment in Israel. Currently, there are over 30,000 Palestinians employed in Israel, these employees are vulnerable to any political shocks. Creating a local employment alternatives constitutes a significant protection against such risks.

## **5.4. Final notes**

There is no single strategy that can hold the key to total protection against vulnerability. Despite the potential of economic empowerment interventions to respond to key factors contributing to vulnerability in a manner that is relevant to the general context in Palestine and the needs and capacities of participating households, other social protection strategies including cash transfers and food assistance must continually be applied to households in need.

One of the key concerns that must be addressed by policy makers when it comes to adopting such a strategy is funding. DEEP's model relied on investing over USD 5,000 on average per household. Providing this level of funding to a large number of households can exhaust the social protection budget of the government. Alternative sources of funding, as well as innovative implementation modalities must be tested before rolling out a large scale programme that would be accessible on an entitlement basis, as is the case with other social protection mechanisms applied by MoSA.

Additionally, the model relied extensively on an alliance between the government, UNDP, local civil society and regional donors. A similar alliance should be established or maintained if the government intends to adopt economic empowerment/ enterprise development as a strategy within its social protection programme.

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