



**MAS**

**PALESTINE ECONOMIC POLICY  
RESEARCH INSTITUTE (MAS)**

**Home-based industrial projects in  
the West Bank and Gaza Strip:  
Realities and Developmental Opportunities**

**2024**

ISBN 978-9950-417-13-7

## **The Palestine Economic Policy Research Institute (MAS)**

Founded in Jerusalem in 1994 as an independent, non-profit institution to contribute to the policy-making process by conducting economic and social policy research. MAS is governed by a Board of Trustees consisting of prominent academics, businessmen and distinguished personalities from Palestine and the Arab Countries.

### **Mission**

MAS is dedicated to producing sound and innovative policy research, relevant to economic and social development in Palestine, with the aim of assisting policy-makers and fostering public participation in the formulation of economic and social policies.

### **Strategic Objectives**

- Promoting knowledge-based policy formulation by conducting economic and social policy research in accordance with the expressed priorities and needs of decision makers.
- Evaluating economic and social policies and their impact at different levels for correction and review of existing policies.
- Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
- Disseminating up-to-date socio-economic information and research results.
- Providing technical support and expert advice to PNA bodies, the private sector, and NGOs to enhance their engagement and participation in policy formulation.
- Strengthening economic and social policy research capabilities and resources in Palestine.

### **Board of Trustees**

Nabeel Kassis (Chairman), Maher Al-Masri (Vice Chairman), Ola Awad (Secretary), Azzam Shawwa (Treasurer and Head of Internal Audit Committee), Atef Allawneh, Grace Khoury, Hind Khoury, Haytham Al-Zubi, Mazen Sinokrot, Samia Totah, Samir Abdullah Ali, Salim Tamari, Sam Bahour (Head of Internal Resource Mobilization Committee), Talal K. Nasereddin, Raja Khalidi (Ex-Officio)



Copyright © 2024 Palestine Economic Policy Research Institute (MAS)

P.O. Box 19111, Jerusalem and P.O. Box 2426, Ramallah

Tel: +970-2-2987053/4, Fax: +970-2-2987055

e-mail: [info@mas.ps](mailto:info@mas.ps) Web Site: [www.mas.ps](http://www.mas.ps)

---

---

**Home-based industrial projects in the West Bank and Gaza Strip:  
Realities and Developmental Opportunities**

Researchers:           Dr. Yasser Shalabi  
                              Wafa Bitawi

This study was funded by The Arab Fund for Economic and Social Development



Palestine Economic Policy Research Institute (MAS)  
Jerusalem and Ramallah  
2024

**ISBN 978-9950-417-13-7**

---

---

## Foreword

Studies by the Palestine Economic Policy Research Institute (MAS) have constantly strived to shed light on diagnosing and analyzing the industrial and productive sectors in Palestine, whether they operate as formal organizations or informal, determining their role in overall economic development. This new study addresses the topic of home-based industries in the West Bank and Gaza Strip, which, in addition to their economic importance as a source of income for their owners, improve their social means. The study examines the extent to which such industries reduce gender-based economic and social gaps while supporting women's economic empowerment. Within this context, this sector is especially important relative to economic activity in the formal, productive sectors.

The goals of this study are to analyze the reality of home-based industrial activities in the West Bank and Gaza Strip, determining their role in economic development and employment, especially women and youth. It also focuses on analyzing the most prominent determinants and obstacles hindering the growth of these industries and identifying opportunities for further growth and development. It concludes by proposing specific policy recommendations to help concerned decision-makers enhance these industries' role in creating job opportunities and generating income. The most prominent are enhancing the laws and policies governing these industries, developing infrastructure, as well as providing specifications and standards for their products. Moreover, the study examines the issue of increasing consumers' awareness and prioritizing the purchase of these projects' products. The study also recommends the need to pay special attention to improving production and manufacturing technology.

Finally, MAS extends its appreciation to the research team for their efforts in preparing the study, in particular the contribution of MAS Assistant Researcher Wafaa Bitawi, whose research leadership guided the study to its successful conclusions. MAS also expresses its deepest gratitude to the Arab Fund for Economic and Social Development for its

continued support, enabling MAS to draft this - and numerous other - studies that reflect national, economic, and research priorities.

Raja Khalidi  
Director General

## **Executive Summary**

There is growing interest in studying home-based industries around the world, although there are few studies on them. The experiences of many countries, especially those suffering from high rates of poverty and unemployment, have illustrated the major role played by home-based industries in economic development, contributing to job creation while reducing the severity of unemployment, especially among women and youth. Such industries also contribute to the development of rural areas, reducing the severity of poverty among the poorest and most marginalized groups, in addition to making effective use of material resources and untapped human skills.

In Palestine, home-based industries have not been examined, despite their expansion as an economic sector, given high rates of poverty and unemployment combined with limited job opportunities in the local market, prompting many to create their own jobs. Hence, this study analyzes the home-based industries' sector, revealing its role in economic development in terms of its characteristics, size, and contribution to employment, while providing primary or secondary incomes for Palestinian families. The study also provides policy proposals and recommendations for developing these industries, in order to enhance their role and contribution to economic development.

The study relied mainly on the analysis of data from the informal sector survey conducted by the Palestinian Central Bureau of Statistics (PCBS) in 2022. The study extracts data from this survey in line with the adopted definition by research of home-based industries, which is: production at home for the purpose of exchange, using locally available raw materials and technical skills acquired or inherited from previous generations, regardless of where these enterprises do business, at home or by street roaming-peddling. The study utilized desk research to examine the experiences of other countries in this regard.

Historically, home industries arose in Palestine, within the framework of the home economy associated with subsistence agricultural production, and were aimed at home consumption. The transformation into home

industries for exchange in the market began as a result of transforming peasants into wage workers and uprooting them from the traditional rural life, which was accompanied by the integration of Palestine into the global capitalist system, the first beginnings of which appeared at the end of the Ottoman era, strengthened in the stage of British colonialism, then in the stage of Israeli settler colonialism, which was accompanied by the annexation of the Palestinian economy to the Israeli economy, and later with the Palestinian Authority's adoption of a market economy while continuing the annexation of the Palestinian economy to the Israeli economy.

In light of resultant socio-economic pressures, including the inability of the Palestinian family to meet its living needs; the inability of the market to generate sufficient job opportunities; and continued control and economic annexation by Israel settler colonialism, home industries emerged to meet the need for self-consumption. It then evolved into an industry for product exchange on the market, (as one of Palestinian families' strategies for adaptation, creating self-employment opportunities and generating primary or secondary income for families to meet their basic needs. This was significant in light of high rates of poverty and unemployment combined with limited opportunities, especially for women and youth, mainly in the Gaza Strip, given the prolonged siege.

Home-based industries in the West Bank and Gaza Strip constituted 14.3% of the 104,169 operating informal sector projects in 2021. The vast majority conduct business at home or by street roaming - resultantly, these projects are not registered with any official party. Moreover, 93.4% of these projects constitute the sole income for their operators, indicating their significance as an important source of livelihood for their owners, and thus an important source of income generation for themselves and their families.

Home-based industrial projects are distributed at a rate of 54% in the West Bank and 46% in the Gaza Strip. Women own 63% of these projects, while youth (29 years old and under) own about one-third, attracting a high percentage of educated labor from these two categories. This means that these projects constitute an important source of

employment in the Gaza Strip, and their coverage includes females and youth, underlining their importance in generating job opportunities for groups that suffer from high unemployment. Therefore, it is important to develop appropriate policies to enhance and develop this sector's role, while providing the means for its expansion and sustainability.

Home-based industries employ 25.9% of the total number of 185,000 workers across family-owned projects in the West Bank and Gaza Strip. When compared to the total number of workers at informal projects, numbering 406,000, home-based projects employ 11.8% of this cohort. Thus, home-based industries are an important source of employment, reducing unemployment and generating primary or secondary income for their owners, workers, and their families. It should be noted that home-based industries employ a high percentage of females (49.6% of all workers), constituting an important source of female employment, especially in light of a significant decline in women's participation in the labor market combined with traditionally high rates of unemployment. Moreover, 48.7% of workers in home-based industries are from the Gaza Strip. Thus, they constitute an important source of employment therein, particularly important given that unemployment rates are significantly higher in Gaza compared to the West Bank.

Concerning the issue of training, 88% of home-based industry owners did not participate in any form of training in their field. The absence of training in technical fields may be justified by a heavy reliance on acquired and inherited experiences. However, the failure of such project owners to receive training in the fields of management and marketing constitutes an important factor in limiting the ability of these industries to grow, affecting their prospects for sustainability.

A significant percentage of home-based industry projects lack sustainable infrastructure suitable for their line of production: 34.7% lack electricity sourced from a public network; 42% lack a connection to a water source; 96.4% do not have an ICT network; 95.8% do not have a landline phone; while 68.9% dispose of production waste in household containers. Finally, 89.2% of project owners own a mobile phone. Home industries in the Gaza Strip suffer more than their counterparts in the West Bank in terms of access to infrastructure.



29.3% of home-based industry projects did not need capital to set-up shop. 52.1% of project owners relied on their own savings to establish their projects; 9.6% relied on family financing; 4.8% relied on personal loans. Only 1.2% of project owners relied on loans from commercial organizations. These figures indicate the small size of such projects on the one hand, and the limited availability of sources of financing for small-scale projects in general, and home-based industry in particular. This is a factor limiting the expansion of this sector, and its limitations in terms of size and production.

Almost all home-based industrial projects depend on locally sourced raw materials (in line with the characteristics of home-based projects in general). The majority market their products across a narrow geographical framework, where 61% market their products within the boundaries of their population center, while 30% cover their population center and governorate as well. This narrow approach to marketing reflects the small size of these projects. Production is limited, and the cost of marketing is high for those who want to extend their geographic coverage. Overall, home-based projects rely on two competitive advantages: the quality of the product, its price, or both.

Home-based projects face numerous challenges that hinder their growth and development. These include financial difficulties associated with the availability of financing sources for establishing projects and underwriting their future sustainability, especially from official sources of financing such as banks and lending institutions. Competition is one of the challenges that these projects face, given their limited production, narrow geographical marketing, and reliance on local inputs and outdated technology. Thus, their cost of production is relatively higher to large-scale projects that rely on advanced technologies.

In summary, it is clear that home-based industries play an important role in the economy, but require a more enabling environment to further their development, improve product quality, and expand into new markets for their products. As illustrated by this study, these industries provide economic opportunities for poor, low-income groups, and the unemployed, creating job opportunities, especially in terms of self-employment. These industries contribute to meeting part of market

demand, even at the local level - an important contribution, especially in the besieged Gaza Strip.

### **Proposed Recommendations for Supporting Home-based Industries in Palestine**

As illustrated above, home-based industries are an important contribution to the Palestinian economy, in light of the socio-economic pressures facing Palestinians in the West Bank and Gaza Strip. They are an important source of job creation, securing incomes for their owners and workers, especially women and youth, as well as in the besieged Gaza Strip. Therefore, it is necessary to develop policies to preserve such industries and ensure their growth, development, and sustainability. This requires stakeholders to realize effective coordination, ensuring the creation of an enabling environment for these industries, thus enhancing their contribution to economic growth and development overall. Recommendations are detailed below, divided according to concerned parties.

#### **Overall Recommendations**

- All relevant parties (governmental and non-governmental) must pay special attention to prioritizing women and youth in designing policies, programs, and projects that aim to support the small business sector in general, and home industries in particular.
- All relevant parties (governmental and non-governmental) must pay special attention to prioritizing the Gaza Strip, whether in terms of policies, or programs and projects supporting their industries.
- Include home-based industries in anti-poverty policies and programs, whether by non-governmental organizations, international agencies (such as the UN), or governmental agencies (the Ministry of Social Development). Herein, there is a need to focus on programs within the Palestinian National Economic Empowerment Institution, which targets poor and deprived families.

#### **Proposed Recommendations Concerning Government**

- Improve laws and policies that support home-based industries, especially Companies Law No.42 (2021), by developing specialized executive regulations. Determine incentives for home-based

industries (including mechanical ones) after formalization. Determine the mechanisms for granting and applying these incentives.

- Simplify the process of registering small projects, including home-based industries, by reducing bureaucratic obstacles. Moreover, reduced registration fees and taxes ought to be levied on these projects.
- Utilize cooperation between the Palestine Monetary Authority (PMA), the financial banking system, microfinance institutions, and loan providers to create financing initiatives that provide small loans and financial support to home-based industries, at low interest rates.
- Utilize cooperation between government agencies (central government and municipalities) and private-sector companies to make available infrastructure that grants price incentives for subscriptions by projects in this sector.

### **Proposed Recommendations for NGOs, Cooperatives, Coop unions, and Donors**

- Provide technical training for home-based project owners and workers in their chosen fields, covering management, account management, marketing, and e-marketing.
- Help home-based owners promote their products in a thoughtful and organized manner, encouraging consumers (individuals and organizations) to prioritize these goods.
- In order to promote home-based products, it is necessary to formulate systematic campaigns to educate consumers, raising their awareness of the importance of supporting these products. This must emphasize the social and economic impact of purchasing the products of these projects, enhancing community participation and support of local produce.
- Develop credit unions and cooperatives, such as savings and credit associations, for owners of these projects, in order to provide interest-free financing for the establishment and development of these projects.
- Establish common facilities that bring together project owners, aiming to exchange experiences and improve the marketing of their products.

- Given the financial challenges facing the general budget of the Palestinian government, and its inability to provide financial support to home-based projects, the role of donor funding must be directed to supporting these projects.
- Focus on supporting home-based projects' access to advanced production technology, aiming to improve the quantity and speed of production, while reducing costs. This improves the competitiveness of these industries relative to larger ones (in the formal sector).