



Secondary Impact Of WFP Palestine

Cash-Based Transfers-Voucher

April 2022

Table of contents

- Introduction.....3**
- Assessment objectives and Methodology.....4**
- Impact at the Level of Shops.....5**
- Increased number of clients and sales.....5-7**
- Jobs created.....7-8**
- New investments.....8-9**
- Taxes paid.....9-10**
- Impact at the Level of Dairy Processors10**
- Increased sales and improved business performance.....10-12**
- Increased employment.....12**
- Impact at the Level of Milk Suppliers -Farmers.....12**

Introduction

The United Nations' World Food Programme (WFP) has been implementing a Cash-Based Transfer (CBT)/Voucher modality, hereafter the Voucher or Voucher modality, in the West Bank and Gaza Strip since 2009. The Voucher targets non-refugee, food-insecure, and poor households through a system of value-based vouchers that are redeemable through a network of local shops registered by WFP. The Voucher is currently implemented in partnership with the Ministry of Social Development (MoSD) in the West Bank and Gaza Strip and Global Communities (an international NGO) in the Gaza Strip.

The Voucher modality has evolved quickly from being a small food assistance pilot designed to respond to the sharp increase in food prices through paper-based food vouchers, to becoming one of WFP's flagship cash-based transfer assistance modalities in Palestine. In addition to improving targeted households' food security by improving food consumption and reducing household expenditures allocated for food, the Voucher modality is intended to have a positive secondary economic impact on the local economy. The first objective is pursued by earmarking its cash-based transfers for foods typically consumed by Palestinian households. The second objective is pursued by restricting foods redeemable through the voucher to locally produced/processed varieties whenever possible and limiting redeemable animal protein-rich foods (namely, eggs and dairy products) to locally produced or processed items.

At the onset of the Voucher in 2009 and 2010, as much as 60% of the value redeemed by beneficiaries was for dairy products and the secondary impact on dairy producers was evidently substantial. As more food items were added to the list of eligible commodities for redemption over the years, and limitations initially imposed on redeemable foods were removed, this percentage in 2021 dropped to 7.7%.

WFP switched from traditional paper-based vouchers to electronic vouchers in 2011. This was done in partnership with *Offtec*, a local company that had developed an electronic payment system that uses terminals and magnetic card technology. In mid-2015, leveraging the existing infrastructure that WFP had helped establish, the Voucher moved to use the latest payment technology system developed in Palestine, *PalPay*, to manage the Voucher. The move to the electronic voucher system not

only enabled WFP to enhance real-time monitoring of assistance being provided through the voucher, but it also better positioned it to serve other organizations wishing to deliver and monitor cash-based transfers to poor and vulnerable households in need.

In 2014, UNRWA started using the WFP's voucher platform to deliver assistance to more than 48,300 beneficiaries (7,700 households) in the West Bank. Leveraging this experience, WFP expanded its capacity to facilitate and manage the delivery of humanitarian assistance provided by other actors through the voucher platform. Between 2014 and 2021, WFP's voucher modality was used by UNICEF, UNRWA, UNFPA, UNSCO, Action Against Hunger, Global Communities, Mercy Corps, Terre des homes, and Islamic Relief to deliver both food and non-food items to various beneficiary groups in the West Bank and Gaza.

WFP's caseload under the Voucher has increased from 174,346 beneficiaries in 2016 to 366,438 beneficiaries in 2021, of whom 86,525 beneficiaries were in the West Bank and the remaining 279,913 beneficiaries were in the Gaza Strip. Beneficiary households receive one magnetic-strip-powered card that gets electronically credited with an equivalent of NIS 35 (US\$ 10.3) per person per month. Households can then redeem their cards in any WFP contracted shop. In December 2021 beneficiaries could redeem their vouchers through a network of 265 local shops (76 in the West Bank and 189 in the Gaza Strip).



Assessment Objectives & Methodology

The survey is part of the system that WFP Palestine had put in place in 2011 -and continuously developed since- to monitor the impact of the Voucher. In this round, the study focused on tracking the changes in key business indicators for a panel of participating shops and dairy producers, and a comparison sample panel of non-participating shops and dairy processors. Monitoring data was collected between December 2021 and January 2022 using a similar counterfactual approach to previous rounds. The following table describes each of the surveyed groups and the procedures used to identify them.

Surveyed Groups

Shops

170 shops' study group - A representative sample was drawn from the list of all participating shops.

As WFP ended contractual relations with some shops (and contracted others) since the last round of data collection, the sample included all the 52 shops that were covered by the previous round, and 118 shops were chosen from new participating shops. Of all participating shops surveyed, 64 were in the West Bank and 106 are in the Gaza Strip. The participating shops covered by the survey constituted more than 64% of the total participating shops contracted by the Voucher modality.

162 shops' comparison group - The survey targeted one non-participating shop from the same catchment area and with a similar measure of the size and business profile (number of workers, goods on offer, refrigerators, size, etc.) for each participating shop. By the end of the survey, 162 non-participating shops were covered, of whom 101 shops in the Gaza Strip and 61 shops in the West Bank

Dairy Processors

8 Dairy Processors' study group - To showcase and present the impact that the Voucher modality has had on dairy processors; in-depth, semi-structured interviews were conducted with eight participating dairy processors (4 in the West Bank and 4 in Gaza Strip). For the purposes of this survey, and given that various local dairy brands can be found in the market, participating processors were identified as those dairy manufacturers whose products are available in at least half of the participating shops. A mapping of participating shops was conducted at the within the survey to identify these processors

7 Dairy Processors' comparison group - In-depth semi-structured interviews were conducted with this group of processors (4 in the West Bank and 3 in Gaza Strip). These processors; products were either not available in the overwhelming majority of participating shops, or had their products marketed through more than 10% of the participating shops. They were identified on the basis of mapping of participating shops

Farmers

The survey targeted **33** farmers, 18 in the Gaza Strip and 15 in the West Bank. To identify the participant and non-participant farmers the research team relied on a list of milk suppliers received from the dairy factories, those farmers who supply the majority of their milk to participant factories were considered among the participant group while those farmers who supplied their milk to non-participant factories considered among the non-participant group.

Impact at the Shops Level

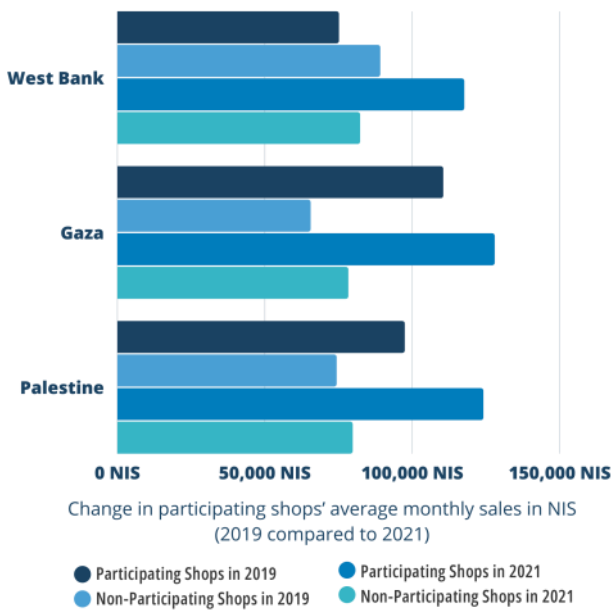
The secondary economic impact of the Voucher is quite evident from the analysis of changes in participating shops' sales, new employees hired and retained, investments, and clients. The following paragraphs present the survey findings in this regard, highlighting differences between participating and non-participating shops.

Increased Number of Clients & Sales

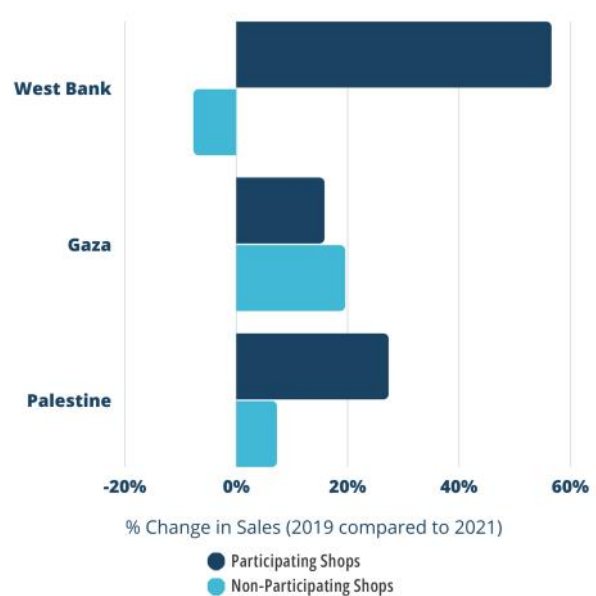
One of the main economic benefits of participating in the Voucher modality highlighted by the owners of participating shops is increased sales turnover, directly induced by the Voucher. Similar to the results of previous rounds of impact assessment, owners of participating shops surveyed reported witnessing increases in their monthly sales. On average, participating shops reported an increase of 27.3% in their monthly sales over 2019. While non-participating shops also reported witnessing an increase in their sales over the same period, the percentage increases they reported (7.3%) were substantially lower than those reported by participating shops.

Average reported increases in sales mask important differences between West Bank and Gaza participating shops. In the former, participating shops reported witnessing an increase of 56.5% in their monthly sales, compared to 15.8% in the latter. In both regions, however, participating shops had higher monthly sales turnover than non-participating shops. This is most notable in the West Bank where participation in the Voucher modality and its associated guaranteed sales seems to have shielded participating shops from the economic downturn witnessed by non-participating shops in the aftermath of COVID-19, as can be seen in the following graphs.

Graph 1



Graph 2



Of the average monthly sales reported by participating shops (NIS 123,978 or US\$ 39,993), the Voucher was directly responsible for NIS 37,707 (US\$ 12,163) (NIS 25,745 or US\$ 8,305 in the West Bank and NIS 42,869 or US\$ 13,829 in Gaza Strip), representing the average monthly value of vouchers redeemed by beneficiaries at each participating shop. The resulting increase in demand for restocking has enabled nearly all participating shops to improve their negotiating power with their suppliers, and, consequently, get better prices and quantity bonuses which enabled them to offer very competitive prices and deals. Most shop owners interviewed reported that this has driven up indirect sales (i.e. purchases made in addition to those covered by the Voucher) not only by voucher beneficiaries, but also by new clients brought by the beneficiaries. Participating shops estimated the indirect increase in sales resulting from the Voucher to be around 36% (or NIS 13,574) of the average monthly voucher value redeemed by beneficiaries. Based on this, it can be said that the Voucher modality has contributed, both directly and indirectly, to increasing the average monthly sales of participating shops by NIS 51,282 (US\$ 16,542).

Discussions with participating shops strongly suggest that the impact of the Voucher modality on these shops extends well beyond the reported increases in sales turnover to include an enhanced ability to negotiate prices, discounts, and payment terms with suppliers. This was corroborated by dairy processors with whom the assessment met, with most noting that their sales to participating shops are higher, on average than to non-participating shops and that these shops often qualify for the volume discounts that they offer more than other neighboring shops. In most instances observed during the data collection process, participating shop owners were passing some of these gains onto their customers through price discounts and special offers, thereby bolstering their competitiveness in a crowded marketplace.

To further consolidate their competitive position, most participating shops, however small or big, reported having continuously expanded the range of products they have to

offer since they joined the modality - not only to attract more customers but also to give incentives for Voucher modality beneficiaries to spend more at their shops. This strategy seems to have worked quite well as the survey shows that participating shops witnessed an average increase of 20.5% (44.9% in the West Bank and 13.5% in the Gaza Strip) in the daily number of clients since 2019. By comparison, non-participating shops witnessed a decrease of 5.3% (a decrease of 0.9% in the West Bank and an increase of 7.2% in the Gaza Strip) of their usual clients over the same period. Table 3 below depicts the changes in the average daily number of clients reported by surveyed shops, which was used as a basis for calculating these percentages.

Faisal Al-Khatab the owner of the Al-Khatab Supermarket in Hindaza, Bethlehem, has been participating in the Voucher modality since 2013. Faisal highlights that being part of the voucher platform has had many positive returns for his business, particularly in terms of increased, and largely consistent sales turnover. He notes that because of the volume of sales he is able to make through the Voucher modality, he has been able to strengthen his negotiation power with most of his suppliers, and is thereby able to source most of the products he sells at lower prices than what he may have been able to otherwise. He also notes being able to secure better payment terms and quantity discounts with most of his suppliers because of the volumes he buys from them. Faisal confirms that he passes on part of his cost reductions to his customers to maintain his competitive edge. Faisal is currently working to open a shopping mall in Hindaza, and notes that this investment would not have been possible without his participation in the Voucher modality.

In the West Bank, the average daily number of clients increased from 98 in 2019 to 142 in 2021 in the participating shops, resulting in a 44.9% increase in the clients numbers, while in the non-participating shops, the number decreased from 107 to 106. In Gaza Strip, the number of clients in the participating shops increased from 207 in 2019, to 235 in 2021, meaning a 13% increase in the clients numbers. In the non-participating shops, however, there was an increase of 7.2% in the average daily number of clients. In Palestine, there was a 20.5% increase in clients numbers, increasing from 166 in 2019, to 200 in 2021, while decreasing in non-participating shops by -5.3%.

Jobs Created

Owners of 41% of all participating shops surveyed reported retaining more employees in 2021 than they did in 2019, attributing this change to their need for additional help as business activity increased, resulting, in part, from the Voucher modality. Around 45% of participating shops reported retaining the same number of staff over the same period despite the increased business activity and 14% reported a decrease. In contrast, around 75% of the non-participating shops reported either laying off some of their employees, moving some staff from full-time to part-time, or retaining the same number of staff. As shown in Table 1, a total of 101 jobs have been created within the participating shops surveyed, increasing the workforce by 12.8%. Conversely, non-participating shops reported an increase of 8.5% in their workforce during the same period.

Table 1: Change in number of shop employees (2019 compared to 2021)

Region		No. of workers 2019	No. of workers December 2021	No. of new jobs created	% Change
West Bank	Participating Shops	238	264	26	10.9
	Non-Participating Shops	177	183	6	3.4
Gaza Strip	Participating Shops	553	628	75	13.6
	Non-Participating Shops	376	417	41	10.9
Palestine	Participating Shops	791	892	101	12.8
	Non-Participating Shops	553	600	47	8.5

The figures do not only demonstrate the effect that the Voucher modality has had on overall employment creation within the surveyed participating shops, but also clearly show the substantial effect it had in this regard in **Gaza Strip**. Here, it was a driving force for creating **75 new jobs**, or three times the jobs created in the West Bank, in surveyed participating shops.

By extrapolating the preceding findings to all 265 participating shops currently participating in the Voucher modality, WFP can comfortably claim that the **Voucher has been a key driver for generating a total of 165 new jobs in the Palestinian retail sector in 2021, of which 134 can be said to have been created in Gaza Strip and 31 in the West Bank.**

Assuming other things being equal given the process of identification non-participating shops, it can be concluded from the difference between participating and non-

participating shops in the value of the investment that the Voucher has induced no less than NIS 2,539,395 (US\$ 819,159) in private investment in the participating shops in 2021, of which NIS 2,017,395 (US\$ 650,773) and NIS 522,000 (US\$ 168,388) was invested in surveyed shops in Gaza Strip and West Bank respectively. This means **that the Voucher has induced an average investment of NIS 14,938 (US\$ 4,819) in each of its participating shops surveyed;** NIS 19,032 (US\$ 6,139) in Gaza Strip and NIS 8,156 (US\$ 2,631) in the West Bank.

By extrapolating the preceding findings to all 265 shops participating in the Voucher modality in 2021, it can be estimated that **the Voucher modality has induced around NIS 4,216,904 (US\$ 1,360,292) in investment in the retail sector in Palestine**, most of which (NIS 3,597,048/US\$ 1,160,338 or 85%) was in Gaza Strip.

Samer, the owner of Al-Aydiya Supermarket in Anata, had similar things to say: "The Voucher contributed to increasing my sales and the number of customers. This enabled me to renovate my shop and improve the shop layout and facilities." With improved returns, Samer reports generating profits that enabled him to invest in purchasing a small parcel of land in his town.

The owner of Mina and Jamil Supermarket in Gaza, Mr. Izz El-Dein, has been able to upgrade his business as a result of participating in the Voucher modality. He said: "Thanks to the Voucher my business is booming. I was able to expand my shop and install solar panels to generate electricity. This had a huge impact on my sales as I was able to offer products that I did not offer before..... I was also able to buy a new car and put a down payment on a new apartment".

Ayman the owner of Elzugayer Supermarket in Bateer reflected on the investments that he has been able to make as a result of his participation in the Voucher: "I was able to expand my shop and buy the shop next door. [I have also] changed the decoration in my shop and added new shelves". Mahmoud the owner of Al-Asmar supermarket in Yata reported "The Voucher is the only reason that enabled me to keep my business. Without it I probably would not have been able to pay the university tuition for my son and wife."

New Investments

Discussions with the proprietors of participating shops suggest the existence of a direct relationship between increased sales witnessed by participating shops and the value of new investments made in these shops. The survey results confirm this by showing that both participating and non-participating shops reported investing in their business in the past year (2021). However, both the total value of these investments and the average value thereof were

substantially higher among participating shops than non-participating shops. As shown in Table 2, the total value of investment reported by participating shops is around NIS 4.6 million (**US\$ 1,5 million**), most of which (NIS 3.2 million (US\$ 1.04 million), or 70 %) was made by the participating shops in Gaza Strip. Around 58% of the investment that was made by non-participating shops (NIS 2.1 million (US\$ 677,323)) was in Gaza Strip (1.2 million (US\$ 396,145).

Table 2: Total investment in NIS as reported by participating and non-participating shops in 2021

Region	Sample type	New tools/ Equip- ment	Shop Expan- sion	Internal Decora- tion	New vehi- cles	Total (NIS)	Total (US\$)
West Bank	Participating Shops	283,500	229,050	273,600	607,500	1,393,650	449,565
	Non-Participating Shops	200,250	380,700	223,200	67,500	871,650	281,177
Gaza Strip	Participating Shops	1,303,740	1,112,400	647,955	181,350	3,245,445	1,046,918
	Non-Participating Shops	607,140	215,775	205,335	199,800	1,228,050	396,145
Pales- tine	Participating Shops	1,587,240	1,341,450	921,555	788,850	4,639,095	1,496,482
	Non-Participating Shop	807,390	596,475	428,535	267,300	2,099,700	677,323

Responding to the shops' selection criteria and the increased demand, participating shops undertook improvements to their premises, like purchasing new generators, air conditions, and shelves, and increasing the variety of food items displayed. At the time of the survey, all participating shops had a bank account, tax and commercial registration number, and Palpay or other paying systems, compared to a small proportion of them who had these items before they participated in the Voucher modality. A larger proportion of the participating shops are now placing labels (price tags) on all products,

have electric generators or solar energy, air conditions, and internet in their shops. While most of these improvements are attributed to the Voucher's eligibility criteria that the participating shops needed to comply with, these improvements are also considered as an investment that the participating shops going to sustain in the future and enable them to attract more customers and increase their sales. The following table shows the change in the shops' business environment, before and after the participation of each shop in the voucher.

Table 3: Change in shops' business environment

	West Bank		Gaza		Palestine	
	Before	After	Before	After	Before	After
Bank account	60.9%	100%	51.9%	100%	55.3%	100%
Tax registration number	45.3%	100%	42.5%	100%	43.5%	100%
Deduction at source	35.9%	100%	36.8%	100%	36.5%	100%
Commercial /Registration number	82.8%	100%	43.4%	100%	58.2%	100%
PalPay or other paying systems	35.9%	100%	31.1%	100%	32.9%	100%
Placing labels on all products	84.4%	92.2%	86.8%	100%	85.9%	97.1%
Electric generator	48.4%	51.6%	85.8%	94.3%	71.8%	78.2%
Solar energy / alternative energy	4.7%	18.8%	26.4%	76.4%	18.2%	54.7%
Air condition	78.1%	79.7%	53.8%	80.2%	62.9%	80%
Internet	78.1%	84.4%	73.6%	99.1%	75.3%	93.5%

Taxes Paid

All food items redeemable through WFP's food vouchers in Palestine are subject to a form of consumption tax known as value-added tax (VAT). From the perspective of the Voucher beneficiary, it is a tax on the purchase price. From that of the owners of participating shops, it is a tax only on the value added to a product. The purpose of VAT is to generate tax revenues for the government similar to the corporate income tax or the personal income tax. The rate at which VAT is charged is 16% of the sale price.

The standard way in which a value-added tax is implemented involves assuming a business owes some fraction on the price of the product minus all taxes previously paid on the good. By the method of collection, VAT can be accounts-based or invoice-based. Under the invoice method, which is the most widely used method of collection by retailers in Palestine, suppliers charge a 16% VAT rate on their sales and pass the retailers an official invoice that indicates the amount of tax charged and collected. Retailers also charge a 16% VAT on their sales (output tax) and consider the tax on the supplier invoices as input tax. Accordingly, they deduct the sum of taxes

they have paid from their VAT liability; i.e. the VAT they have collected. The difference between output tax (collected from the consumers) and input tax (paid by the retailers) is paid to the government (or a refund is claimed, in the case of negative liability).

Assuming that participating shops enjoy a profit margin of 15%, and considering the survey findings presented earlier that the Voucher has led to increasing average monthly sales (including the 16% VAT) of participating shops by NIS 51,282 (US\$ 16,543), it can then be concluded that **the Voucher, at its current scale, generates an average of NIS 1,890 (US\$ 610) of additional VAT revenue for the government from each participating shop each month.** In other words, for each dollar redeemed by beneficiaries at the retail level, the Voucher generates close to 3.7 cents of additional VAT revenue to the Palestinian Authority per each dollar redeemed. The basis for this calculation is depicted in the table that follows.

Table 4: Average monthly VAT revenue generated by the Voucher from each participating shop

	Average Monthly VAT in NIS
Average monthly sales generated by the voucher per participating shop (voucher value + additional sales indirectly induced by the Voucher)	51,282
Output tax collected on sales (16%)	7,073
Net Shop Revenue from Sales	44,209
Cost of Goods Sold (assuming 15% margin)	37,578
VAT portion of cost of goods sold (input tax) 16%	5,183
Difference between input and output tax	1,890
The proportion of VAT paid to the government to the average value of vouchers redeemed monthly per shop	0.037

This translates to an average **total of NIS 500,850 (US\$ 161,565) of additional VAT revenue per month, or NIS 6,010,200 (US\$1,938,774) per year** at its current scale. This is in addition to the business income tax paid by participating shop owners, which was difficult to estimate in the survey.

Impact at the Level of Dairy Processors Increased Sales & Improved Business Performance

Participating dairy processors surveyed have witnessed steady increases in their sales since 2019 as shown in Table 8 below, while the non-participating processors witnessed a decrease. **Between 2019 and 2021, the participating dairy processors surveyed witnessed a 12.1% increase in their sales.** Non-participating dairy processors on the other hand have witnessed a decrease of 18.9% in their sales turnover. Participating dairy processors surveyed in Gaza Strip reported a higher increase in their monthly sales (25.8%) compared to the West Bank dairy processors (11.1%). This is mainly attributed to the relatively small value sales reported by Gazan factories compared to factories in the West Bank.

Table 5: The average change in monthly sales for dairy processors participating in the Voucher modality

Region	Category of Processors Surveyed	% increase/decrease in sales	The total estimated value of increased monthly sales witnessed (NIS) for surveyed processors
West Bank	Participating	11.1%	2,500,000
	Non-participating	6.2%	113,000
Gaza Strip	Participating	25.8%	360,000
	Non-participating	-54%	-700,000
Palestine	Participating	12.1%	2,860,000
	Non-participating	-18.9%	-587,000

When asked to explain the reasons for their increased sales, participating dairy processors pointed to several factors, including the increased market demand for dairy products, increased demand in participating shops due to the Voucher, enhanced marketing and distribution strategies to participating and non-participating shops, increased production capacity, and introduction of new products (dairy and non-dairy).

During interviews, Gazan factories underlined the centrality of the Voucher to their ability to maintain their operations, noting that a substantive share of their total sales is generated through purposive marketing to shops registered with WFP. These factories indicated that without the Voucher modality they will face considerable challenges in maintaining their current level of operations, given the dire situation in Gaza and the deteriorated purchase power of the people.

Aref, the General Manager of Al-Swafiri Dairy Company in Gaza, said: "The Voucher modality is very important because the economic conditions in Gaza are very bad, it helped us to increase our sales and maintain our employees. If it wasn't for the Voucher, several shops wouldn't maintain their business". This was corroborated by Abu Eita Factory: "The Voucher helped us to increase our sales and develop our business, I remember when the Voucher was ceased for a short period, and we had to lay off several employees and sell one of our distribution vehicles"

The Voucher modality also enabled dairy processors to develop their businesses, Al-Tahrir company for example (a small; dairy processor in Gaza) reported they have invested in a new factory that expected to increase their production capacity and products quality by introducing new equipment. This result also highlights the impact of the Voucher modality on several processors who become able to increase their production capacity and improve packaging and time-saving in the production line and diversify their products.

The impact of the Voucher modality was less visible among large processors, these processors reported that the recent changes in the Voucher modality -that reduced the share of the dairy products- reduced their sales to participating shops, However, large processors indicated that the Voucher still and remain important to the dairy sector. One main processor the importance of the Voucher on its operations indicating that despite the recent changes in the Voucher modality, it has increased their monthly sales, employment, and production capacity.

The company also indicated that it was one of the first to register with the Voucher and has built its marketing strategy to maximize its sales to participating shops which helped them to achieved substantial operational gains and made a lot of investments in their plant, and much of this is the result of our focus on increasing sales to participating shops.

As a result of the new investment and the increased production capacity, factory owners also forecast some long-term effects because new customers have become familiar with their products and, to a certain extent, will continue to purchase them in the long term.

Another important impact particularly for small-sized factories has been the increase in liquidity that has allowed for paying off debts and making investments, processors in Gaza and the West Bank reported that their rates of collection of their accounts receivable are significantly higher among the shops registered with WFP, and they decided to invest in focusing their sales and marketing campaigns on these shops. However, this impact was more visible in Gaza as the lack of liquidity is a major challenge for producers who find themselves - in several cases- having to finance their clients' purchases to maintain their market share.

"The Voucher is very important to the dairy sector and for its contribution to increasing the company sales, but most importantly for its contribution to increasing the market share of the Palestinian products in the local market"

Hamouda a medium-sized processor located in Jerusalem

"The Voucher enabled us to change the production mix of our factory, we moved from producing two products to six products which increased our market share and made our products more visible in the market"

Kuhail a diary processor from Gaza reported

Al-Tahrir Company was founded in Al-Maghazi in 1984. The company is a small producer of dairy products with a total daily production capacity of 3 tons of milk equivalent and monthly sales of around NIS 400,000. The Company retains 29 employees and markets its dairy products to around 1,000 shops across the Gaza Strip.

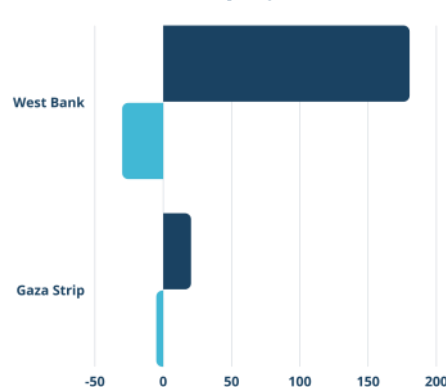
“The Voucher is vital to the dairy sector in Gaza, it contributed to increase our sales, retain more employees, maintain and grow our business, particularly with the poor economic conditions in Gaza that have eroded our ability to grow our business” Al-Tahrir Company General Manager reported.

Al-Tahrir company has recently invested in a new dairy factory equipped with advanced machinery that would increase the production capacity of the company and increase the variety and the quality of its products. According to the company manager “ This was possible through the increasing demand from participating shops, ... the new factory will also help the company to employ more workers and increase the number of distribution vehicles”

Increased Employment

The substantial increase in sales witnessed by surveyed participating dairy processors has been reflected in noticeably greater employment by these processors. It was found that **these processors created a total of 200 new jobs; a 16.3% increase.** Employment in non-participating dairy processors has decreased by 34.3%, as these processors reported a reduction of 35 workers of their workforce.

Graph 3: Change in the average number of employees



Impact at the Level of Milk Suppliers—Farmers

Overall, the survey findings suggest that the Voucher’s impact has not trickled down to the level of farmers. This is evident by analysis of changes in employment and wages paid in the farms of participating farmers, ownership of milking cows, milk production capacity, and farm-gate milk prices. This is believed to be due to ongoing structural problems in the dairy farming system. Interviews suggested that the prohibitive cost of fodder and low milk prices are making the business not profitable. According to farmers milk prices didn’t increase over the past five years while the prices of fodder and other production inputs continued to increase, to face this critical situation, several farmers are selling part of their livestock to cover their losses and without major interventions, in support of the sector, it is difficult to predict the farmers’ capacity to maintain their business. The overall conclusion for discussions with farmers, however, is that both categories of farmers feel that the Voucher has had a minor impact on their business.