

ESAF Voices from the Field

Exponential Growth through Technological Innovation in Jenin



Photo by AED/ESAF

“After 12 years of working at the same machines in the Israeli companies, finally I got the chance to work in the West Bank,” says Hatem, a skilled GBS employee. He trained new GBS employees on the new equipment as well.

The Expanded and Sustained Access to Financial Services (ESAF) program is a three-year \$36 million program, funded by USAID, designed to build a more inclusive financial sector in the West Bank and Gaza, for Palestinian households and enterprises. The program is implemented by AED in partnership with The William Davidson Institute at the University of Michigan, ShoreBank International, CHF International, CARE and Save the Children. ESAF is an Associate Award under USAID’s FIELD-Support Leader with Associates cooperative agreement, which is managed by AED. www.microlinks.org/esaf. The content of this report is the sole responsibility of ESAF and does not necessarily reflect the views of USAID or the United States Government.

“You will not believe it: revenues doubled within three months!” Saif Abu Al-Rob, general manager of **GBS for Stone and Marble Company**, was very pleased with the impact of new equipment that was purchased through a fixed capital grant from Expanded and Sustained Access to Financial Services Program’s **Palestinian Investment Partners (ESAF/PIP)**. Since installing the new equipment, monthly net profits of the company have increased from \$25,000 to more than \$50,000 and the workforce is growing rapidly.

GBS is a stone and marble factory that was established in 1998 in Jenin, in the northern West Bank. Before ESAF/PIP’s intervention, GBS relied on traditional stone cutting machines that manufactured semi-finished construction stones of different sizes. Because of fluctuations in stone measurements by the older machines, GBS was unable to produce high-quality finished products itself. Instead, it sold raw stones to Israeli companies who modified them to match customer requirements and reaped the lion’s share of the profits.

As one of 50 ESAF/PIP grantees, in 2009, GBS received \$176,750, or 35% of the total investment of \$505,000, to purchase new modern machines that could produce high-quality finished stones with more accurate measurements. ESAF/PIP, managed by AED, was established to support small and medium enterprises (SMEs) in the West Bank that have the greatest potential to create jobs and help mitigate constraints associated with restrictions on the movement and access of people and goods. PIP’s grants encourage fixed capital investments by SMEs that otherwise might be reluctant to invest due to the political and other risks that constrain the Palestinian private sector.

Now, GBS is producing ready-made, value-added stones and selling them directly to local and international markets with a higher profit margin. By selling high-quality finished products directly to customers, GBS earns an additional \$15 per square meter, compared to the revenue generated with the old equipment. In addition, as a result of expanding operations, GBS hired eight permanent and two temporary employees during the first quarter after installing the new equipment and expects to hire another six permanent employees by the end of 2010.



“The new investment enabled GBS to become a leader in the domestic market.”

—Saif Abu Al-Rob,
General manager of GBS