



Towards Inclusive Food and Agribusiness Security in the occupied Palestinian Territories

Specific Terms of References for the implementation of NRO's Inclusive Food and Agribusiness Security Programme

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Abstract UK

This report forms an addition to the report "*Drivers of Growth*" (Groen, D. van and Koopmanschap, E.M.J, 2015) by complementing it with two specific Terms of References (ToRs) for the implementation of NRO's Inclusive Food and Agribusiness Security Programme. The ToRs are entitled: 1. Inclusive Access to and Sustainable Management of Land and Water Resources (Appendix 6) and 2. Development and Reform of Agriculture and Food Markets, Value Chains and Producers' Organisations (Appendix 7).

Keywords: food; nutrition; agribusiness; value chain; food security; security; inclusiveness; multi-stakeholder partnerships; access to land and water.

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About this report

This reports constitutes the follow up of the report "Groen, D. van and Koopmanschap, E.M.J (2015). *Drivers of Growth; A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories*. Centre for Development Innovation, Wageningen UR (University & Research). Report CDI-16-006. Wageningen". Whereas 'Drivers of Growth' aims at designing the framework for Food and Agribusiness Security strategy in the occupied Palestinian Territories, this report specifically focuses on the Implementation of the Food and Agribusiness Security Programme (2017-2019) as part of the Multi-Annual Strategic Plan of the Netherlands Representative Office in Ramallah, occupied Palestinian Territories.

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List of abbreviations and acronyms

ASWG	Agriculture Sector Working Group
CDI	Centre for Development Innovation, Wageningen UR
F&A	Food and Agribusiness
FS	Food Security
FNS	Food and Nutrition Security
GS	Gaza Strip
Incl. FAS	Inclusive Food and Agribusiness Security
MASP	Multi-Annual Strategic Plan
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprises
NRO	Netherlands Representative Office
oPT	occupied Palestinian Territories, including East Jerusalem
PCBS	Palestinian Central Bureau for Statistics
PMU	Programme Management Unit
PO	Producers' Organisation
ToC	Theory of Change
VC	Value Chain
Wageningen UR	Wageningen University & Research centre
WB	West Bank (also as reference to World Bank documents)
WBGS	West Bank and Gaza Strip

Executive Summary

This report presents the outcome of the follow-up consultancy on Inclusive Food and Agribusiness Security (Incl. FAS) in the occupied Palestinian Territories, which took place from 4 to 15 January 2016 and was implemented by the same consultants as in the first consultancy, in August 2015

The report thus reflects the main goals of this second consultancy, being:

- The validation of two selected strategic Incl. FAS components and fields of development intervention;
- The formulation of the Terms of Reference (ToR) for the implementation of these two strategic components.

The validation took place in a series of consultation sessions with invited groups of participants from NRO's previous and on-going Food Security projects in Gaza Strip and West Bank, both from categories of beneficiaries and project implementing agencies. The formulation took place in concert with the NRO experts concerned during and after the field work in the oPT.

Both validation and formulation processes of Incl. FAS as the core strategy of NRO's future Multi-Annual Strategic Programme (2017-2019) focussed on two programme components, finally entitled:

1. Inclusive Access to and Sustainable Management of Land and Water Resources;
2. Development and Reform of Agriculture and Food Markets, Value Chains and Producers' Organisations

The choice for these two components and strategic fields of development intervention for enhancing Incl. FAS are rooted in the same rationale that resumes key outcomes, impacts of previous and on-going Food Security projects as well as their agro-ecological and socio-economical implications and consequences for the various categories of beneficiaries. As the authors conclude, project results such as increased and improved production and productivity in major food crop production systems, fuels the much heard call for innovation, professional and reliable advice and information, increased investments, etc. In short both Incl. FAS programme components aim at enhancing professionalization in selected strategic food value chains by 'upstream' and 'downstream' stakeholders in the chain.

Hereby the Land (including Soil) and Water component will not only allow for continued intervention in line with on-going access and management strategies with new groups and farming communities but also give increased attention to professional farm management practices in water and soil fertility management.

This special attention for more sustainability and increased resilience though professionalization is also a recurrent, even dominant, element in the Markets, Value Chains and Producers' Organisation component of Incl. FAS. In this strategic field, proposed human and social development investments aim to increase professional capacities and competences of upstream and downstream stakeholders of selected food value chains.

Besides professionalization of basic agricultural resources and food values chains, the authors also recommend the enhancement of the existing co-financing model for the various development activities by distinguishing two forms of programme co-financing: (a) direct contributions by groups of participating beneficiaries to their development investment concerned and (b) co-financing development investments by (strategic) partnerships and consortia of development actors, donors and financial institutions.

The report includes the above mentioned ToRs of the selected strategic Incl. FAS components, which serve the purpose of basic programme documents allowing the NRO to establish implementation agreements with national and local development organisations. Based on the current experiences of project implementation through a Programme Management Unit, the authors included a series of

suggestions to strengthen operational efficiency and capacity of the PMU structure of the formulated Incl. FAS programme and ToRs.

1 Introduction

1.1 Drivers of Growth in Palestine

A food and agribusiness secure Palestinian society is the driver for economic growth and development. It contributes to stability and the prospects of a viable Palestinian state. The food and agriculture sector is the natural playing field to effectively achieve this. Not only does it have the potential to improve the quantity and quality of food production within the Palestinian Territories, but also simultaneously serves as an important economic sector and income generator for a large part of the Palestinian population.

The dependence on imports and food distribution is partly caused by challenges coming from the 'demand side', i.e. the growing population (over 3% per year). However, the main challenges to tackle food insecurity and high food imports dependency are on the 'supply side', where a combination of factors continues to limit the physical, social and economic access to food for the Palestinian people.

The main elements for increasing agricultural production in the Palestinian Territories – the availability of land and water, access to (external) markets, the use of value chain approaches in crop production and institutional capacity – are currently also the main constraints for its sustainable development. These constraints are essentially of a political nature, as they derive from the Israeli-Palestinian conflict. There are serious limitations in the access to land and water, due to the Area A/B/C division of the West Bank, the existence and expansion of settlements, the separation barrier and settler roads. As a consequence, farmers have great difficulty in acquiring Israeli permits to develop the arable lands in Area C, which is over 60% of the West Bank territory. In addition to this, since 2007 Palestinians in Gaza are faced with limited access to the so-called Buffer Zone (the strip of land at the Gaza side along the border with Israel).

When it comes to water, Palestinians cannot freely access the water outlets located in Area C, while 82% of Palestinian groundwater is used by Israel. The remaining water available for Palestinian agriculture is often of low quality, due to depletion of aquifers (especially in Gaza), wastewater contamination by both Palestinian cities and Israeli settlements, and an underdeveloped wastewater infrastructure.

The conflict also limits the access to markets, as the limitations on movement and access of commodities and persons coming from and going into the West Bank and Gaza not only result in higher transaction costs, but also in unpredictability of supply and exports. This severely affects the marketability of Palestinian products. These limitations are not only physical (checkpoints, crossings etc.), but also administrative: Israeli regulations and procedures (security requirements, food safety and quality standards for exports, licensing requirements for importing dual use goods such as fertilizer and pesticides, etc.) which are applied for imports to and exports from the Palestinian Territories, pose an additional barrier to market access. Besides, Israeli products can often be found at the Palestinian market at a lower price.

The combination of these factors limits the opportunities for local food production and access to markets for agricultural products. It explains the aforementioned relative demise of the agriculture sector and the heavy dependence on food imports. Only interventions that address these challenges will effectively improve the Palestinian food security situation.

The **Dutch Policy Brief of the Minister** for Foreign Trade and Development Cooperation, Mrs. Lillianne Ploumen and State Secretary of Economic Affairs, Mrs. Sharon Dijksma of 2014 describes the commitment of the Netherlands Government, to work with their partners, on new initiatives regarding food security worldwide. The policy brief especially highlights that food security requires a multifaceted and inclusive policy and an approach in which national and international governments, businesses, NGOs and research institutes will cooperate.

Netherlands is internationally recognised as an expert and innovative partner for agricultural development and food security. In general, the Netherlands focuses on all dimensions (people, planet, profit) of food security, namely:

1. Eradicate the current hunger and malnutrition

It focuses on vulnerable people affected by poverty, natural disasters, conflicts and other crises, In addition to food aid where needed, access to adequate and proper nutrition needs to be provided.

2. Promoting inclusive and sustainable growth in the agricultural sector

It focuses on small and medium scale farming enterprises but also other agricultural entrepreneurs who could potentially serve market demand. Increase their 'earning power' is a powerful tool to fight hunger and poverty and stimulate economic growth.

3. Achieving ecologically sustainable food systems

Next to the sustainable management of international public (natural) resources, such as water, soil, energy and biodiversity, the effects of climate change on food systems and vice versa will be considered in all activities.

These priority areas can be found back again in the Multi-Annual Strategic Programme of the Netherlands Representative Office (see paragraph 1.2) as well as in the new Inclusive Food and Agribusiness Security Programme of the NRO (see paragraph 1.4 and 1.5).

1.2 NRO's Multi Annual Strategic Programme: Food Security and Water

Based on the results of the MASP 2008 - 2011 the NRO decided to maintain and strengthen its focus in the MASP 2012 - 2015 on the rule of law and the food security sector in which the Netherlands has an added value and which, taken together, can have a positive impact on the peace process. Water was added as the third sector in light of the widely appreciated historical Dutch role in the Palestinian water sector, its internationally-recognized expertise in water issues and the facilitating role it could play in Israeli-Palestinian cross-border water cooperation (creating as such MASP 2014-2017).

The combination of climate change and unsustainable natural resource management is the major environmental challenge for the Palestinian Territories. Over 60 % of land which is suitable for agriculture in the West Bank is located in area C, and the majority of these lands cannot be used due to Israeli restrictions. This severely limits the availability of land and water for food production and herding, which results in overexploitation of available natural resources in Areas A, B and C, as well as in Gaza, often with irreversible effects.

At a strategic level, the NRO wishes to: ***contribute to a situation in which the Palestinian people within the Palestinian Territories have access to sufficient, safe and nutritious food, while Palestinian farmers, including smallholders, have the capacity to compete with their products in the national and international markets.***

In the MASP 2014 – 2017, the following strategic outcomes and country outputs for the Palestinian Territories are identified:

1. Sustainable increase in food production to the benefit of the Palestinian people through

(1.1) improved access to and use of land and water for food production, and

(1.2) improved agricultural productivity of existing Palestinian farmlands; and

2. Improved access to markets for Palestinian farmers through

(2.1) increased competitiveness of agricultural products, and

(2.2) improved institutional capacity of the PA for service delivery to the agricultural sector.

This leads to the following outputs which the NRO aims to achieve:

1.1 Increased availability and use of land and water for food production;

1.2 Higher yields of horticultural crops produced by agricultural cooperatives;

2.1 Improved quality and marketability of Palestinian horticultural products;

2.2 PA institutions capacitated to implement the WTO sanitary and phytosanitary standards (SPS).

The NRO has, apart from its specific projects, addressed issues through lobbying and advocacy directed at the Israeli authorities. Especially for Gaza, the NRO would like its efforts to be translated into sustained, growth-oriented and more diversified production for local market and exports from Gaza, particularly to Israel and the West Bank, allowing more producers and value chain actors to get involved.

All efforts under NRO's current Food Security Programme should create sustainability and allow for a **gradual shift from grants and subsidised investments toward market oriented self-reliance supplemented with loan- and credit-based financing**, in which the farmers will only be compensated in case of externalities that could not be foreseen (mainly political and security risks).

1.3 Towards Food and Agribusiness Security in the occupied Palestinian Territories

The report "Groen, D. van and Koopmanschap, E.M.J (2015). Drivers of Growth; A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories. Centre for Development Innovation, Wageningen UR (University & Research centre). Report CDI-16-006. Wageningen" justified the gradual shift from Food and Nutrition Security to Inclusive Food and Agribusiness Security. Especially because Food and Nutrition Security is not just a status or a condition, it is an on-going, dynamic complex of human development processes involving financial expenditures and economic investments in at least four sectors of society: Agriculture, Education, Health and Social Protection (IFPRI, 2014). This implies that Food and Nutrition Security is intrinsically tied to the economies at the various strata or economic levels of society: at household, community/village, region, country and even global level. Therefore, Food and Nutrition Security is embedded in a complex system of (economic) supply and demand processes and impacted by the development and growth of these economies through financial, social and human capital investments.

The new Food and Agribusiness Security Strategy of the NRO offers therefore a more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments. In this way NRO's Inclusive Food and Agribusiness Security strategy offers systemic support to the development of (i) agri- and food business, from micro and small to industrial levels; on the basis of (ii) resilient and sustainable livelihood and business conditions in an (iii) enabling market, services, regulatory and institutional environment.

The systemic and multi-stakeholder development strategy and programme aim to strengthen the on-going Dutch involvement in Agriculture and Food Security, together with many other development partners, in the occupied Palestine Territories. The proposed strategy and programme is to be integrated into the next Multi-Annual Strategic Plan (MASP 2017-2020) of the Netherlands Representative Office (NRO) in Ramallah.

Land and water are the primary ecological inputs in agriculture and food production and the entangled management practices of these resources requires an integrated approach in implementation. Moreover, soil protection and soil fertility, water harvesting and conservation, irrigation technologies etc. are not only important domains of technological innovation but also of social innovation through producers' and users' associations (whether cooperatives or unions) in which the application of production and marketing planning, or in other words, business planning, needs to prevail. Incl. FAS development entails investing in the continuum running from 'subsistence driven' to 'market driven' productivity. Given the complex realities and multi-stakeholder nature of Incl. FAS in the oPT, the identified Incl. FAS programme focuses on development investments particularly aiming at:

- Increased efficiency of water and land use;
- Continued up-scaling of production organisations and intensified sustainable productivity and profitability.

1.4 The Inclusive Food and Agribusiness Security Strategy and Programme in two components

The Inclusive Food and Agribusiness Security (Incl. FAS) Programme is fully compatible with the Multi-Annual Strategic Plan (MASP) 2014 – 2017 of the Netherlands Representative Office (NRO) of the Palestinian Territories (PT) as described earlier above. In order to realise outcomes and outputs within the framework of the Incl. FAS Strategy and its Programme, the NRO has developed two 'lines of implementation' of the programme referred to as programme components:

- Inclusive Access to and Sustainable Management of Land and Water Resources;
- Reform and development of Markets, Value Chains and Producers' Organisations.

Where possible, linkages for effective cooperation with other donor involved in Food Security programmes will be explored and established, using existing donor coordination mechanisms such as the Agricultural Sector Working Group and the Food Security Sector which includes more than 45 actors in the sector.

While developing the two components of the Incl. FAS Programme, we (the consultants) tried to have an 'innovative' approach. This approach included three specific points of attention: 1. The assessment of which problems needed to be addressed, how these could best be addressed, who could do this and how to combine capacity; 2. To outline which networks and actors are involved in this and what creates an enabling environment for activities; 3. To take into account how upscaling could be addressed best regarding suggested activities and ensure the enabling environment is most supportive.

This has led to the following points of attention for the design of the new Incl. FAS programme components:

- The new Food and Agribusiness Security Strategy of the NRO uses a much more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments;
- Based on the strategic plan for Inclusive Food & Agribusiness Security (Incl. FAS), further analysis of outcomes of past and on-going Food Security projects in the oPT, financed and implemented by the NRO and many other donors and development agencies, clearly indicate the need for more integral and inclusive development intervention and investment strategy. These interventions should address, positive, but at the same time, some of the negative impacts and implications of increased agricultural and food production and agribusiness, involving an ever increasing diversity and number of stakeholders and value chains;
- There is a wide spectre of concrete implications generated by the outcomes and impacts of previous projects which include agro-ecological, technological, socio-economical and socio-organisational challenges and needs that are to be addressed by the proposed Incl. FAS programme. Besides improved management of the basic Food and Agribusiness resources of land, soil and water, challenges concerning sustainable productivity, profitability and marketing are paramount in virtually all participating groups and POs of men and women;
- Specifically, the impact of 'increased and improved production' is creating benefits but also serious challenges, not in the last place at levels of the so-called 'project beneficiaries' of previous and ongoing programmes. As a consequence, the new programme components will continue to work – but not exclusively - with existing beneficiary groups and organisations that are now gradually 'discovering' the implications of improved production and other outcomes of their participation in the implemented development activities;
- Typical overarching challenges that are generated by 'increased and improved production' are the need for increased professionalization as well as increased investments in the Food and Agribusiness sector, which fuels even further the existing need for innovation and R&D in virtually all stages in a wide variety of food and agriculture value chains;
- Consequently, a sector-wide call for reliable and appropriate information, advice, knowledge and investment finance is becoming increasingly louder, not only for the sake of professional decision-making on technical innovation in the various stages of supply, production and value chains but surely also in the domains of efficient organisation and economic and business management. This

need for support to appropriate decision-making by entrepreneurs, producers' organisations of men and women alike, is but one integral and common dimension of the two programme components of this Incl. FAS programme;

- The professionalization of all actors in the main food and agriculture value chains addresses challenges and needs for improvement of not only technical and managerial competences by producers and producers organisations alike, but also challenges and needs for economic up-scaling, efficiency and quality assurance in market-based supply and demand. Inclusive Markets are part and parcel of the Incl. FAS strategy objectives;
- The programme aims to enhance the above mentioned trends (innovation, professionalization and competent advisory services) by participatory on-farm piloting and experimentation that systematically put producer ideas, innovation needs and objectives in the centre of the piloting and learning, while farmer-to-farmer communication, exchanges and networking, through operational POs such as cooperatives and crop councils, will make the generated information and knowledge available to a wider peer group;
- By consequence, next to provision of services, the need to increase membership competence and capacities is to become another 'core-business' of operational POs and its leadership, requiring PO reforms and developments that are at the core of Incl. FAS;
- Moreover, it becomes increasingly apparent that investments in development of Incl. FAS cannot only depend on donor funds and that a much wider variety of financing institutions, funding sources and financial services need to be mobilised (and created or adapted to needs, where appropriate) and made accessible to the various groups of Incl. FAS stakeholders. In principle, sustained Incl. FAS depends on gradual economic growth and thus on financial investments with short term and long term capital that is to be provided by professional institutions such as MFIs, Saving and Credit Banks, Development Banks, Agricultural and Commercial Banks, specialised Capital Investment Funds, etc. Indeed, Inclusive Finance is part and parcel of the Incl. FAS strategy objectives;
- There is an apparent need for multi-stakeholder partnerships, including partners in business, research, development and innovation. The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnership is an on-going process enhanced by the 'discovery' of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined);
- The programme should give special attention to the opportunities in the local market in addition to the export market, i.e. contributing to a more balanced agri-food trade in the West Bank and Gaza Strip. The producers and value chain actors could achieve this through -among others- better informed decision-making dynamics based on systematic market assessments, information flow and outreach mechanisms;
- The programme will have, where relevant, a decentralised approach and separate objectives and activities for West Bank and Gaza Strip.

1.5 Financial and economic sustainability of the two programme components

Activities in both programme components, in line with the MASP 2014-2017 will be driven by processes of human, social, ecological and technological innovation and investments in Incl. FAS. Although the NRO programme budget will finance key elements in these processes, impact of scale must also and especially come from funding and financing of innovation and investments by other stakeholders and sources, not in the last place by private and collective lending to producers' organisations and MSMEs by a variety of MFIs and Banks operating in the Palestinian Territories. Focus on the Private Sector in the new programme should go beyond the cooperation with Agribusiness companies and include financial institutions as for both components there is a clear need for the ***inclusive finance of investments*** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

As in the previous projects, the new programme will strengthen its inclusive finance approach through its co-financing system whereby ownership and sustainability of investments is co-financed by the investors' own resources, i.e. the (groups of) participating beneficiaries contribute by e.g. 20 -30 % cash contribution and/or other valued in kind contributions, depending the type of investment.

The programme, through its various specific objectives and activities, will generate many more business and investment opportunities and needs by POs, SMEs and other groups of participants and beneficiaries; these investment needs are to be addressed also by other financial sources than the Incl. FAS budget and the investors' own capital.

Furthermore, the co-financing of political sensitive development actions and investments by a group or consortium of donors and development agencies, is expected to increase the investment sustainability and impacts. Chapter 6 provides some more details on this important characteristic of financing Incl. FAS activities.

1.6 Supporting and limiting factors beyond the Incl. FAS Programme

In line with the special interpretation of the concept of security in daily live in the occupied Palestinian Territories, the analysis of the security dimension of Incl. FAS generated three 'peace and food security scenarios' which fall within the 2015 framework of the Dutch engagement in Palestine by the NRO, highlighted in its Theory of Change (ToC) (In: Groen and Koopmanschap, 2015; Chapter 6).

Obviously, implementation and outcomes of the proposed Incl.FAS programme will be strongly influenced by many aspects and conditions of Israeli-Palestine relations at all levels, but surely those "on the ground" as experienced by the many groups of stakeholders and operators in the Food and Agriculture sectors. Some of the key factors that is influencing and will continue to influence the development of Incl. FAS are directly linked to the evolution of what we may call in generic terms the 'peace process' and are not only linked to the (re)imposing or (temporary) lifting of scores of restrictions and bans, but also successful and unsuccessful political and diplomatic action by groups of bilateral and multilateral representations in Palestine and Israel.

Several of these supporting and limiting factors which impact Incl. FAS activities are:

- Removing check points on people and goods from the PA areas and lifting all closures;
- Removing restrictions on trade between West Bank and the Gaza Strip;
- Opening check points between Palestinian and Israeli areas all time for passing consignments;
- Halting all measures that require unloading, opening, or delaying the loaded and cooled containers in a way that it affects the quality and shelf life of the fresh produce;
- Removing restriction on movement of Palestinian, Jordanian, and Israeli trailing trucks. At least allowing Jerusalem citizens or other Israeli Arabs to drive Israeli containers into the PA areas;
- Speeding the process of establishing a Palestinian airport in West Bank;
- Implementing the plans to construct and open the sea port in Gaza Strip.

2 Inclusive Access to and Sustainable Management of Land and Water Resources¹

2.1 Introduction

Many land and water activities have been conducted in the occupied Palestinian territories since the end of the 1990s with Dutch support. Activities aimed at improving food security, reducing poverty and providing job opportunities to Palestinians in rural communities in the West Bank and Gaza Strip. Activities mainly included the establishment of agricultural roads, the construction of cisterns, the installation of irrigation networks, reclamation of land including levelling and building retaining walls and the plantation of seedlings. Few activities focussed on restoring the fertility of degraded lands.

This Terms of Reference on Inclusive Access to and Sustainable Management of Land and Water Resources aims to provide the Netherlands Representative Office (NRO) in the occupied Palestine Territories an innovative proposition to renew their current leading development role in enhancing Food and Agribusiness Security in both the West Bank and the Gaza Strip. The NRO will have a continued focus on access to land and water for agricultural production within the new Inclusive Food and Agribusiness Security programme. Additional attention will be on following-up on the agricultural developments and profitability assessment in reclaimed and rehabilitated lands and on the impact of increased water availability for agricultural production.

2.2 Rationale

Few points of reference as mentioned below have been applied in earlier projects already and remain of importance. Few questions in need of further explanation are added to the overview.

1. Access to land and water resources remains a highly sensitive and highly political issue. Increasing land reclamation activities remains important as increasing access to land supports the decreasing land censorship;
2. Land reclamation and rehabilitation activities will be enhanced through supporting community level interventions, i.e. focusing on establishing or rehabilitating agricultural roads. This will in turn facilitate the access of farmers to their lands and enhance their capacities to do the reclamation of their lands. When farmers/communities are able to contribute, between 10% and 40% in-cash *and* in-kind contribution will be required (depending on the situation);
3. Land reclamation activities performed have increased agricultural area and agricultural production, but implications of 'new land' for producers, producer organisations, on-farm cropping systems and soil fertility as well as marketing and market organisation need to be assessed;
4. Water activities included establishment of water reservoirs (at community level) to store groundwater for agricultural use. It enabled the shift from a 'water-available-for-few-hours-per-day' system to a 'water-available-according-to-crop-demand' system, resulting in more targeted irrigation. Developing and improving irrigation systems according to water demand remains important. Implications of 'new water' for producers, producer organisations, on-farm cropping systems and soil fertility as well as marketing and market organisation need to be assessed;
5. Many producers mention to require guidance in crop strategizing based on water and soil conditions; Soil analysis is necessary for farmers to balance crop selection, irrigation techniques

¹ Terms of Reference provided in Appendix 6.

- and soil fertility management, but current soil analysis institutes in Palestine are not trusted; More cooperation is needed between producers, government and knowledge institutes;
6. Producers and their organisations need advise in crop selection based on the assessment agricultural water demands and soil analysis data;
 7. Water resources are available for agriculture, but these resources are limited and fresh water resources are increasingly saline (especially in Gaza, Jordan Valley and Jericho); Mobile desalination units for Gaza are recommended;
 8. Rainwater harvesting activities have been performed so far at micro scale and were in the form of small individual cisterns. Groundwater storage ponds (steel water tanks) are carried out at small scale (figures below) and are essential to better address crop water demands. Establishing steel water tanks at larger scale require, due to the scale of the intervention, public-private partnerships. Other water interventions include the pumping of rainwater back into the aquifer;

Water intervention	Location
Cisterns established (around 50 to 60 or 16,167.5 m ³)	Many different location in PT
1,000 m ³ steel water tanks established	In: Attil(1), Jbarah(1), Jayyous(1), Izbet Shoufa(1), Alnazleh Alsharqiyeh(1), Izbet Jaloud(1)
1,000 m ³ steel water tanks planned (to be completed by April 2016)	In: Jayyous(1)
500 m ³ steel water tanks established	In: Nassaryia (2)
500 m ³ steel water tanks planned (to be completed by June 2016)	In: Beit Hassan (2), Alaqrabaniya (1)
Rehabilitation of 25,000 m ³ pond	Al-Aroub Roman (1)
2 aquifer recharging wells	

9. More cooperation among water users and water stakeholders is essential to address agricultural water demand more accurately. More cooperation is also essential, especially in Gaza, to address the sustainability of the aquifer;
10. Cooperation requires however, as far as political boundaries allow, a river basin/watershed/catchment approach, by definition a transboundary approach in case of international basins; The Joint Water Committee (JWC), set up as result of the Oslo Agreements, should play a possibly more active role regarding water management issues of a transboundary nature (Note: The JWC decides on water quota in WB and GS; another point of attention is Palestinian waste water that is treated and reused for cotton production).
11. Enhancing agricultural water supplies could be done through utilising new water resources such as treated wastewater and brackish water sources but needs further analysis;
12. Renewable energy sources for agricultural production requires further attention.

For both components there is a clear need for **establishing multi-stakeholder partnerships**, including partners in business, research, development and innovation. This was mentioned earlier already in paragraph 1.4. The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnerships is an on-going process enhanced by the 'discovery' of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined). The programme will set up a number of collaborative pilots, at farm, at PO, at enterprise level and at value chain level and are linked to the specific objectives of both programme components. Also, the on-going pilots need to be evaluated on outcomes (contents), research methodology and partnership design, and lessons learned are to integrated in the pilot designs.

For both components there is a clear need for the **inclusive finance of investments** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

2.3 Beneficiaries and participants

In principle, beneficiaries and stakeholders to be involved in the various activities concerning this *Inclusive Access to and Sustainable Management of Land and Water Resources* Component are to be selected from the lists of participants in the previous programmes (as the component builds on previous investments and outcomes). This is especially important for beneficiaries and stakeholders like Producer Organisations (whether producer groups, producers' cooperatives, *women cooperatives*, unions, associations or federations) and Water Users Associations. Farmers and farming families involved in the previous water and land reclamation activities will be main beneficiaries and/or participants in *Sustainable Management of Land and Water* activities (including soil improvement pilots). New groups of Agricultural Producers, including small holders, form an important target group as Access to Land and Water Resources will remain an important objective in this Incl. FAS Component.

Regarding the pilots proposed, e.g. in Integrated Pest Management (IPM) or in Integrated Soil Fertility Management (ISFM), new (groups of) programme participants and beneficiaries may emerge. These pilots are composed of relevant stakeholders (partners) who constitute 'learning platforms' or 'learning spaces' (See also the *Reform and Development of Markets, Value Chains and Producers' Organisations* component):

- a. Most pilots require collaboration of (small groups of) relevant partners, in one flexible combination or another which of course depends on the subject and objectives of the pilot and subsequently on the contributions expected by the stakeholders concerned;
- b. Most probable partners are POs, Agricultural Universities or Agricultural Faculties /Departments, Agricultural Research Institutions, specialised NGOs, private sector companies and Business Associations, Donor and development agencies, relevant governmental and semi-governmental services.
- c. Especially in Gaza, the identification, design and implementation of new pilot activities related to IPM in urban agriculture will also generate new (groups of) programme participants and beneficiaries.

All proposed investment activities will be subject of a financial and economic sustainability assessment.

In summary, Beneficiaries and Participants for this component include:

- (Groups of) Palestinian agricultural producers (including small holders) involved in the previous water and land reclamation activities;
- Leaders and members of existing Producer organisations (whether producer groups, cooperatives, unions, associations, federations or crop councils) with a specific focus on the involvement of Women Cooperatives and their leaders and members;
- Producers, who are member of Water Users Associations (WUAs), WUA board members and other water actors;
- Strategic partnerships of relevant governmental, non-governmental, private sector (which includes producers and their organisations) and academic stakeholders (e.g. in learning platforms around pilot studies).

2.4 Overall component objective

Palestinian agricultural producers, including smallholders, and their organisations, including women cooperatives, have improved access to and support the sustainable access to and management of land and water resources for food production in the Palestinian Territories.

Note: All objectives and activities below *require*, as much as possible, the involvement and empowerment of women or rural women cooperatives.

2.5 Specific objectives and proposed programme activities

1. Improving inclusive access to and sustainable management of land resources and improved production of existing agricultural lands;

- Increasing availability of land resources for food production by continuing the land reclamation process by bringing more agricultural lands into production to avoid land confiscation in case of non-use of the land by construction of agricultural roads, land levelling, removal of heavy rocks and construction of common terraces for road support initiated by *a consortium of donors together with stakeholders*; (NRO to check final numbers)
- At least 300 km of new agricultural roads in the West Bank to support access to land for the community as a whole;
- At least 30,000 dunum of lands are better accessible to farmers in de West Bank;
- At least 3,000 dunum of land reclaimed in the West Bank;
- At least 500 dunum of land rehabilitated in Gaza.

Note: This component will fund agricultural works that farmers themselves cannot take up such as heavy infrastructure land development work (construction of agricultural roads, land levelling, removal heavy rocks, construction of common terraces to support roads), while the works that farmers can do themselves are to be implemented and financed (if applicable) by the farmers themselves.

Prerequisites: land is already in farmers' possession and farmers need to contribute 20% (heavy reconstruction) of the costs of reclamation activities and 30% of the rehabilitation costs (light reconstruction activities) themselves.

- Improving production of existing agricultural lands by assessing the implications of 'new land' (through NRO's earlier land reclamation and rehabilitation projects) for producers and producer organisations (including women cooperatives) regarding on-farm cropping systems, pest management and soil fertility as well as market organisation and marketing;

Note: The assessment, depending on the outcome, needs follow up e.g. in terms of objective 4 or through the Reform and Development of Markets, Value Chains and Producers' Organisations component (regarding market organisation, marketing, value chain or PO development issues).

- Creating an enabling environment for land development and agribusiness opportunities by opening and increasing access to existing agricultural roads in West Bank and Gaza Strip by a consortium of donors and stakeholders;
- Creating an enabling environment for land development and agribusiness opportunities by facilitating access to land especially in the buffer zone in GS by a consortium of donors and stakeholders;
- Creating an enabling environment for agribusiness opportunities by a consortium of donors by contributing to the reduction of blockage and restrictions by Israel, especially at border crossing Beit Hanoun – Erez;

2. Improving inclusive access to and sustainable management of water resources and improving production of existing agricultural lands;

- Increased availability of water resources by:
 - Constructing at least 20 water reservoirs with a capacity of 500 to 1000 m³;
 - Rehabilitation of 4 to 6 wells, including the lobbying to obtain the necessary permits;
 - Running pilots financed by a consortium of donors supporting the establishment of small-scale rainwater harvesting facilities in areas prone to flooding by storm water;
 - Rehabilitation of the water system in Khuza'a (East Khan Yunis) in the Gaza Strip;

Note: This requires involvement of an international partner, because of the border issues. This requires more work in negotiation with Israel.

- At least one large scale rain water harvesting pond or dam (possibly also serving aquifer recharging) with a capacity of at least 50,000 m³ carried out by a consortium of donors and stakeholders;
- Improving production of existing agricultural lands by assessing the implications of 'new water' (through NRO's earlier water projects) for producers and producer organisations (including women cooperatives) regarding on-farm cropping systems and soil fertility as well as market organisation and marketing;
- Based on the outcome of 2.2: Optimising irrigation water use in irrigated areas by running pilots on improving irrigation infrastructure and its capacity in transferring, distributing and storing irrigation water to agricultural lands;

Note: As such the pilots also support the storage of excessive (storm)water in the winter season as such reducing flood damage and while supporting the replenishment of the aquifer.

3. Enhancing on-farm water use efficiency and water productivity

- Continuing human, social and financial investments in innovative irrigation technologies at farm level, *possibly* in combination with effective and efficient reuse of treated waste water (partly through the facilitation of learning spaces, see objective 6):
- Increasing understanding of the importance of water use efficiency by farmers and their organisations;
- Increasing use of improved irrigation technologies in open field and protected systems incl. well - and piping system management;
- Increasing capacity in on-farm testing by farmers and their organisations in water-use efficiency and enhanced capacity in calculating on-farm water demand in business planning;
- Enabling the use of treated waste water on-farm to assess its financial and economic sustainability by establishing pilots on using treated waste water on-farm, including a monitoring and evaluation scheme for the use of treated waste water by a consortium of donors and stakeholders;
- Assessing the use of treated waste water on-farm in terms of consumer acceptance;
- Assessing the use of treated waste water on-farm regarding crop strategising (link with *Reform and Development of Markets, Value Chains and Producers' Organisations* component);

Note: Assessments on use of treated waste water on-farm needs to provide insight in financial and economic sustainability, as well as insight in marketing consequences.

4. Enhancing on-farm Integrated Soil Fertility Management (ISFM) and Soil Productivity and Integrated Pest Management (IPM) and Plant Productivity

- Improving on-farm ISFM and IPM techniques by designing and putting in place a comprehensive pilot and on-farm application of combined IPM and ISFM technology and practices:
- Increased understanding of the importance of soil protection (including soil water protection) for increased agricultural production by farmers and their organisations;
- Increased understanding on the impact of the use of agricultural pollutants (e.g. used and waste sheep dip, pesticide washings, solvents, mineral oil, diesel, sewage, trade effluent, certain biocides) on food safety;
- Increased understanding and skills in ISFM (including anti-erosion technology), by building capacity in e.g. agro-forestry, improved fruit tree management, inter-cropping, green manure application and soil cover interventions)

Ad 4.1) Proposed programme activities: This could start with the development of a curriculum for a training of trainers for Producer Organisations (also the 'established' learning spaces could be applied). Additionally, POs can continue to train their members

- Improving the opportunities for soil analysis for producers by enhancing the cooperation between producers, knowledge institutes, governments and the private sector;
- Adapting to climate change by assessing Climate Smart Agriculture principles and practices as well as enhancing the adoption of Climate Smart Agriculture principles and practices.

- Note: Also the development of an *integrated seed sector programme* could be considered, which could be funded through the programme, by another donor or a consortium of donors and stakeholders.

5. Improving Collective Water Resources Management by water users

- Enhancing the support to organisation and business development in existing and new collective water committees (including e.g. water user associations) on technical management and financial management (including e.g. calculating the real cost of water and establishing a fair selling price of water to farmers and for domestic use);
- Improving Integrated Water Resources Management by establishing a regional multi-stakeholder watershed management pilot.

Ad 5.2) Proposed programme activities:

- Identify a possible basin, watershed or catchment and carry out a stakeholder analysis for a pilot scheme
 - Introduction of a basin (or a landscape) approach to support integrated water resources management
 - Test the introduction of more participatory basin management structures (e.g. using the example of the Dutch water boards) by establishing a multi-stakeholder platform, of 'water' stakeholders, which suggests and proposes innovative reforms on collective water management to national and regional authorities, but at the same time forms a platform for gathering lessons learnt for monitoring and enhancement.
6. Established Learning Spaces on the Adaptation to Climate Change to exchange knowledge, experiences, ideas and more.

Note: Facilitating forms of informal learning spaces by producer groups (cooperatives, MSMEs, based on the culturally embedded 'Jamaahya' model); A cooperative/producer organisation approach, focusing on the works and activities that serve the community as a whole in larger geographical areas rather than experimenting by individual farmers in their own lands. This means that the focus is on groups of farmers, organized under associations, cooperatives or at community/village level, rather than individual producers.

- Established learning spaces on climate change resilience:
 - Improved exchange on the on-farm impacts of climate change;
 - Established learning spaces on water use efficiency and water productivity;
 - Improved exchange, organisation and management of existing and new water sources, water committees and ownership of wells;
 - Established learning spaces on ISFM and IPM:
 - Improved exchange on measures to increase soil fertility;
 - Improved exchange on measures to combat pests and diseases and to address the danger of using too many pesticides and fertilisers;
 - Established learning spaces on Collective Water Resources Management
 - Established opportunities in the field for students to do research.
7. Improving institutional capacity of the PA for service delivery to the agricultural sector.
- Supporting the sustainable development of the agriculture sector by coordinating with the government (such as MoA and other related bodies) in coherence with the Agricultural Sector Strategy "Shared Vision" and its Action Plan;
 - Enhancing and supporting consultations between the Palestinian Water Authority and relevant groups of stakeholders in water management and agricultural water use, by having:
 - Organisation and follow-up of specific objectives 5.1 and 5.2 on the exploration of a basin approach in support of enhanced integrated water resources management (pilot scheme).

8. Increased opportunities for electricity from renewable energy sources

- Contribute to a more energy efficient Waste Water Treatment Plant by experimenting with thermophile anaerobic fermentation of primary and secondary sludge, as such increasing the production of biogas as additional energy source to operate the WWTP;
- Contribute to the more energy efficient operation of water pumps by using solar energy;

3 Reform and development of Markets, Value Chains and Producers' Organisations²

3.1 Introduction

In previous and on-going NRO projects, many intervention objectives and activities concern sustainable increase and intensification of food crop production and marketing by various producers' groups and organisations (see Chapter 1.2).

In line with insights generated from these project outcomes and their impacts caused by increased production – see chapter 1.4 – the Incl. FAS strategy needs to focus on professionalization of and in key food Value Chains and its stakeholders.

This Terms of Reference on Reforms and Development of Markets, Value Chains and Producers' Organisations is designed to respond to this need and simultaneously provides the Netherlands Representative Office (NRO) in the occupied Palestine Territories an innovative proposition to renew and enhance their current leading development role in strengthening Inclusive Food and Agribusiness Security in both the West Bank and the Gaza Strip.

3.2 Rationale

In conjunction with the *Inclusive Access to and Sustainable Management of Land and Water Resources Component of the Incl. FAS programme*, this *Reform and Development of Markets, Value Chains and Producers' Organisations* component focuses on the following domains of development interventions and investments:

At the level of Food and Agribusiness market organisation

A very wide range of marketing and market organisation issues and challenges have been brought up by participants in the Incl. FAS identification process and meetings (Groen and Koopmanschap, 2015 and Meeting Agenda, Appendix 2). Many of these challenges are not 'new' in terms of impact by the on-going Food Security projects.

This component will focus on structural problems of market organisation (for fresh and processed food) to start at local level (regional, governorate and town). Market intelligence and production planning will be big challenges to be addressed in conjunction with other project objectives and activities.

The many marketing challenges of fresh and processed products by individual groups, POs, including women's cooperatives, will also be addressed in conjunction with the value chain development activities as well as the PO reforms.

At the level of Value Chains

There is a need for more market oriented decision making in production processes and production chains. The programme will apply a crop strategizing approach for new and existing promising food crops of high and 'wide' market demand and consumption. This market orientation is obviously not limited to so-called High Value Crops only; as, in principle, all highly consumed food products and crops are of high value or to be valued higher, in terms of development and added value.

² Terms of Reference provided in Appendix 7.

Much more attention is needed to the opportunities and feasibilities of import substitution of agricultural supplies and inputs as well as fresh and processed food products; in order to achieve a better-balanced agri-food trade.

Efficiency in cooperation and win-win value creation is to be enhanced amongst 'upstream and downstream' stakeholders in the value chain, e.g. by linking transformation and food production enterprises with primary producers.

At the level of Producer Organisations

There is a need to develop business oriented POs (including all forms of producer groups, whether formal or informal, e.g. women cooperatives or unions) with capacities to produce and to cooperate in a market-oriented way.

One challenge is to break away from the historically embedded organisational culture based on a motivation to create cooperatives for other reasons than the development of competent and autonomous membership organisations in the Food and Agribusiness Sector. Linked to this challenge is the obvious need for functional and purposeful forms of organisation by producers. These forms are not limited to cooperatives only and can be shaped as (temporary or permanent) committees, functional groups, consortia and other forms that serve the purpose and goals of the group members. In this light, legal aspects of these organisations need to be addressed.

Another challenge is to create competent entrepreneurial management structures and systems which enable profitable POs to build up capital assets allowing them access to financial services required for investments and further growth.

Economical cooperation with other Private Sector enterprises in the domain of post-harvest and transformation and technical cooperation with R&D institutions are a logic consequence of ongoing professionalization.

At the level of farm and household production systems (PO members)

There is a growing need for sustainable practices of resources management (see the *Inclusive Access to and Sustainable Management of Land and Water Resources Component*) and efficient input use for profitable crop (and livestock) production. The programme needs to address the ongoing concern of sustainability and resilience at household and farm level. One aspect is to increase awareness and good agricultural practices in soil fertility and water management, another is linked to unwise use of (wrong) pesticides and chemical fertilisers.

Profitability of new crops (and return on investment) investments of other innovations will be enhanced through POs that are capable of organising and providing appropriate advisory services to their members.

For both components there is a clear need for **establishing multi-stakeholder partnerships**, including partners in business, research, development and innovation. This was mentioned earlier already in paragraph 1.4. The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnerships is an on-going process enhanced by the 'discovery' of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined). The programme will set up a number of collaborative pilots, at farm, at PO, at enterprise level and at value chain level and are linked to the specific objectives of both programme components. Also, the on-going pilots need to be evaluated on outcomes (contents), research methodology and partnership design, and lessons learned are to be integrated in the pilot designs.

For both components there is a clear need for the **inclusive finance of investments** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

3.3 Beneficiaries and Participants

1. In principle, cooperatives to be involved in the various activities concerning this Reform and development component are to be selected from the lists of participants in the previous FS programme;
 - a. Leaders and members of existing Producers' Organisations including farmers' cooperatives, women's cooperatives, rural women associations, producers' associations and unions, farmers' committees, crop councils as listed in or connected to the on-going Food Security programme and projects;

	West Bank	Gaza Strip ³
Women's Cooperatives	23	6
Farmers' Cooperatives	70	12

- b. Priority in business and marketing oriented reforms and development objectives and activities in POs will be given to the Women's Cooperatives since many of these are involved in added value creation by processing and marketing and already have *significant* operational experiences in this regard;
2. Farmers and farming families involved in the previous water and land reclamation activities (see also the *Inclusive Access to and Sustainable Management of Land and Water Resources Component*);
3. Water Users' Association farmer-members, as special groups or as members of existing Producers' Organisations, under objectives 1 and 2;
4. Members and Board members (or steering committee members) of the so-called Crop Councils (or product councils) such as the Grape Council, Olive Council etc.;
5. From the proposed innovation pilots, crop strategising activities, Value Chain and market development activities, new (groups of) programme participants and beneficiaries may emerge; these pilots are composed of relevant stakeholders (partners) who constitute 'learning platforms' or 'learning spaces';
- c. Most pilots require collaboration of (small groups of) relevant partners, in one flexible combination or another which of course depends on the subject and objectives of the pilot and subsequently on the contributions expected by the stakeholders concerned;
- d. Most probable partners are POs, Agricultural Universities or Agricultural Faculties /Departments, Agricultural Research Institutions, specialised NGOs, private sector companies and Business Associations, Donor and development agencies, relevant governmental and semi-governmental services;
- e. Especially in Gaza, the identification, design and implementation of new pilot activities in urban agriculture will also generate new (groups of) programme participants and beneficiaries.

3.4 Overall component objective

The Development and Reform of Food and Agricultural Markets, Value Chains and Producers' Organisation programme component of Incl. FAS aims to:

1. enhance professionalization and innovation of main groups and organisations of producers and other stakeholders in selected Food and Agribusiness Value Chains (this includes existing value chains or new ones considering sustainability potentials and market opportunities, such as the use of treated waste water for agricultural purposes);

³ Numbers (December 2015) are approximate and name-listed POs are to be reviewed on suitability criteria for participation in a given programme activity.

-
2. address various challenges generated by increasing sustainability, resilience and scales of economy in these Value Chains.

3.5 Specific objectives and proposed programme activities

1. Developing/reforming market organisation & improving market efficiency with stakeholders in selected Food Value Chains;
2. Food Value Chain Development and Crop strategising of selected crops and products & improved productivity and profitability:
 - a. At VC level, with selected VC stakeholders (from suppliers to transformers);
 - b. At PO level, with selected PO;
 - c. At farm level with selected PO members/families;
3. Reforming structures and strengthening capacities of Cooperatives and other Producers' Organisations;
4. Building effective partnerships, multipurpose platforms and consortia required for the achievement of these specific objectives.

Ad 1) Developing/reforming market organisation & increasing market efficiency with stakeholders in selected Food Value chains

- Building sector and product organisations (re. crop strategising objective) for professional marketing and access to and creation of (niche) markets in both domestic and export markets; cooperation with professional marketing stakeholders and enterprises;
- Structuring marketing cooperation by women's cooperatives producing a wide variety of transformed food products, and all working on increasing production (re. PO and VC objectives);
- Enhancing professional marketing of fresh products by POs and individual producers on (1) local markets (town level); (2) domestic markets (WB, East Jerusalem and GS); (3) neighbouring foreign markets (Israel, Jordan); and (4) other foreign markets (Gulf States, Europe);
- Improving the efficiency in organisation and management of local fresh markets: (1) understanding seasonal demands; (2) organising flows of goods and products; (3) production planning at sector and product levels (re. Market intelligence and PO organisation and partnership objectives on marketing and production);
- Linking POs to (existing) enterprises in food industry such as commercial partnerships and contract production and delivery to enable better use of existing production, storage and transformation capacities;
- Market intelligence for producers: generating and communicating market and consumer information on strategic and niche food products;
- Promoting Consumer awareness on 'Produced in Palestine' fresh and processed food products, including labelling ('Produced for Palestine', 'Produced in Palestine', 'Made in Palestine' etc.) and quality control;
- Creating a strong exporters' organisation of fresh products, capable of negotiating and handling logistical issues;
- Continuing the development support to appropriate semi-governmental and private sector institutions, organisations and legal frameworks of quality standardisation and quality assurance services accessible by POs (men and women) and SMEs.

Ad 2) Food Value Chain Development and Crop strategising of selected crops and products & improved productivity and profitability

- a. At Value Chain level, with selected VC stakeholders (from suppliers to transformers);
- b. At PO level, with selected PO;
- c. At farm level with selected PO members/families.

a. At Value Chain level;

- Creating stakeholder consultations in selected Value Chains to examine effective forms of cooperation and creation of added value; removing bottle necks in flow of transactions;
- Piloting stakeholder platforms (re. 'learning spaces') for identification, design, implementation, evaluation of innovative ideas and matters concerning VC efficiency, technology innovation (in conjunction with on-farm pilots);
- Increasing existing sector and product cooperation amongst POs for efficient input supply and product marketing;
- Enhancing local/domestic production and marketing of selected essential agricultural inputs for selected crops and products, based on market analysis and feasibility study; examples: commercial nurseries (WB and GS); tissue culture laboratories (Gaza); local seed banks (Hebron); commercial compost production with commercial dairy farms;
- Assessing market opportunities and agro-ecological conditions of selected, promising and important food crops in Gaza and West Bank for import substitution, improved quality and (seasonal) consumers' access;
- Enhancing the production of 'dual purpose' crops, varieties, products for domestic and export markets as based on previous experiences and pilots.

b. At Producers' Organisation level;

- Creating capacity to organise partnerships for piloting innovations in production systems of selected crops (protected and rain-fed) and food products: Most produced crops/ Most consumed crops/ Most potential crops;
- Creating and developing partnerships for building capacity of professional on-farm advisory service for members in selected (strategized) crops for the purpose of increasing sustainability by:
 - Increased efficiency in resource use (land, water, inputs etc.);
 - New production technologies;
 - Reduced production costs;
 - Increased farm productivity and profitability.
- Exchanging knowledge and experience amongst farmers from Gaza and West bank (re. on-farm pilots and farmer-to-farmer extension by cooperative members).

c. At farm and rural household level;

- Participating in the design and implementation of innovation pilots on selected crops and products, in partnership with relevant VC stakeholders as organised and supported by POs (re. on-farm trials and pilots);
- Increasing sustainable management of essential production resources and assets such as land, soil fertility, water, trees, livestock; management improvements in land, soil and water will be coordinated with the relevant activities in the other Incl. FAS programme component;
- Strengthening resilience by increasing productive assets and diversifying economic and profitable activities;
- Stimulating effective participation in and ownership of POs and other product organisation;
- Improving profitability and income generation in rural non-farming households depending on economic food and non-food activities;
- Exploring and implementing special initiatives in urban agriculture/horticulture, not only in Gaza but also in the bigger towns of West Bank.

Ad 3) Reforming structures and strengthening capacities of Cooperatives and other Producers' Organisations

- Organising a National Dialogue with relevant stakeholders to reform, upgrade and clarify the legal frameworks needed to enable and facilitate the establishment and reforms of functional farmers' and women's cooperatives and other POs and CBOs to operate in a businesswise and market oriented way as private sector enterprise or for-profit (or, where appropriate, not-for profit) organisation (engaging related ministries such as the Ministry of Labour, Ministry of Agriculture, Ministry of National Economy, Union of Agricultural Cooperatives and others);

- Gender mainstreaming that will take shape in line with the current institutional and organisational practice of building separate women-led and men-led POs;
- Organising professional advisory services aiming to strengthen and reform cooperatives' and POs' organisational capacities and competences, modernising cooperative leadership as well as cooperative membership;
- Professionalising entrepreneurial management of on-going membership services and post-harvest activities (grading and packing facilities, cooling facilities, logistics, etc.) undertaken by POs and making these (more) profitable;
- Creating and stimulating entrepreneurial and business oriented management capacity to develop market oriented and profitable core-activities and paid member services;
- Introducing business management strategies to build cooperative owned operational cash flows and capital for investment;
- Introducing feasibility, business and investment planning competences in PO management;
- Enhancing effective cooperation between POs (re. Market and VC objectives) on:
 - Production planning of main crops in the area (re. Market reforms);
 - Efficient input procurement;
 - On-farm advisory and information for cooperative members;
 - Post-harvest handling;
 - Selling and marketing;
- Elaborating and implementing a strategy to revitalise existing and/or create new crop and product councils (re. Value Chain Development and crop strategizing objectives);
- Creating and exploring commercial partnerships for professional training & advisory services in Food & Agribusiness for POs, SMEs and other clients.

Ad 4) Building effective partnerships, multipurpose platforms and consortia required for the achievement of the above mentioned specific objectives⁴

- a. At Food Markets;
 - b. In Food Value Chains;
 - c. At Producers' Organisation.
- a. **Building partnerships and platforms by market stakeholders** for the reforming and development of selected Markets; in this context 'market' has two meanings: (1) the system of marketing and trading a product or type of products and (2) the physical market place where these products are handled and traded/sold. Both systems include soft and hard organisation;
 - Testing forms of stakeholder cooperation such as contract farming between primary product PO's and food processing enterprises; re also partnerships in VC development;
 - Pilots by POs – intermediate merchants – wholesalers - retailers - local market authorities for:
 - more efficient handling, packing, storage and logistics for reduced post-harvest losses and decreasing the farm gate-consumer price gap;
 - market intelligence models, in cooperation with IT companies;
 - primary production planning (fresh) to stabilise price fluctuations to acceptable levels and avoid (seasonally) uncontrolled price falls and losses;
 - stopping uncontrolled product dumping as the expense of local producers.
 - POs – Food industrialists – business associations - marketing promotion agencies: organising consumers' oriented promotion campaigns of Palestine Food (products, recipes, etc.).
 - b. **Building partnerships and platforms in development of selected Food Value Chains** and crop strategising⁵ amongst selected and relevant VC stakeholders such as POs – PO members – specialised NGOs (programme sub-contractor) – Research Organisations – Companies and

⁴ In fact, the entire Incl. FAS programme and components' design and implementation is rooted in various multi-stakeholder partnerships and consortia, including Governmental Organisations, NGOs and CSOs, University and Research organisations and Private Sector organisations. Re. Chapter 6 on the Programme Management Unit

⁵ We define 'crop strategizing' as a multi-stakeholder planning and implementation process from market (demand) to production (offer), of the value chain a particular (strategic) crop or food product.

Businesses in input supplies, post-harvest handling, transformation, marketing, that collaborate, participate and contribute to:

- Designing, implementing and monitoring on-farm innovation pilots in efficient resource use and management, new technologies in food (& feed!) crop production, as well as of input plant materials and new varieties, with interested (groups of) producers, preferably cooperative members and irrigation water users;
- Analysing post-harvest handling and designing / implementing pilots in reducing post-harvest losses of strategic crops;
- Pilots on creating added value by producing new products from agricultural and food processing residues ("waste") in existing food processing chains; examples:
 - conservation and transformation of fresh dates (Hayani variety, Gaza);
 - olive cake to make other products;
 - extraction of essential oils from herbs such as thyme, oregano.
- Pilots in renewable energy from residues and waste water (re. Land, Soil and Water component);
- For initiatives, partnerships and pilots in urban agriculture/horticulture, often characterised by short and direct producer-consumer lines and compact value chains of integrated space, technology, production resources, waste/residue use, consumption of fresh and minimally transformed and packaged products; here typical partnerships include relevant stakeholders in inputs and technology supply, producers, SME businesses (e.g. restaurants, school and office canteens, take-away) and market agents, local (planning) authorities, all depending the kind of productions and products.

c. **Building partnerships and platforms in development of Producers' Organisations** here we mean partnerships amongst POs as well as between PO's and other stakeholders as relevant for a particular objective, purpose or activity;

- In PO reforms and capacity building, gender main streaming will take shape in line with the current institutional and organisational practice of building separate women-led and men-led PO's; besides participation in VC platforms as mentioned under VC partnerships;
- Consortia of Women POs - Rural Women NGOs – (semi-governmental) marketing and trade associations – retail businesses in order to create product oriented cooperative structures amongst POs;
- Consortia of Farmers' Organisations creating 'cooperative enterprises' specialised in collective membership services such as:
 - Purchase and distribution of quality inputs, backed up by commercial suppliers;
 - Supply of reliable information and relevant advisory activities:
 - Technical advice, in partnership with universities, specialised NGOs and possibly governmental extension (re. partners in on-farm pilots and farmer-to-farmer extension);
 - Business management advice, in partnership with specialised NGOs and **MFIs**;
 - Marketing advice with specialised stakeholders in both 'soft' organisation (e.g. 5 P market mix) and 'hard' organisation (cooling facilities, grading and packing houses, storage and logistics).

4 Programme Management, Monitoring and Evaluation

4.1 PMU structure and organisation

The mainframe of the current Programme Management Unit (PMU), is to be maintained for both Incl. FAS components of respectively 'Land, Soil and Water' and 'Markets, Value Chains & Producers' Organisations'.

Yet, experiential learning from previous and on-going management and operational practices have led to a few improvements of the PMU organisational system which is basically a consortium structure composed of an implementing organisation (also called 'lead-contractor') and a few competent sub-contracting organisations, as judged relevant for the implementation of specific programme activities.

In fact, the PMU is a multidisciplinary team of professionals from various implementing organisations, responsible for the contracted programme implementation. Hence the new Incl. FAS programme will be implemented by two PMU teams, one for each programme component.

The PMU structure for the Incl. FAS Programme as a whole – as shown in the chart hereunder – is composed of the operational team led by a programme component manager or team leader who is selected by the lead-contractor in conjunction with the NRO. This operational team is supported by two committees, respectively a Technical Committee (responsible for technical quality of the programme) and a Procurement Committee (responsible for purchases of equipment and services for the programme). The entire PMU is accountable to the Steering Committee (responsible for progress and quality control of programme strategy, implementation and executive M&E).

A key lesson from the on-going PMU-based multi-stakeholder cooperation and experience is the need for a clearer specification of procedures and rules and of mandates and job descriptions of the various committees and individual professionals in the PMU structure (see Appendix 3 of this report). Clearer specification not only will help to avoid misunderstanding and conflicts, but also increase operational efficiency by avoiding duplications in duties, task performance and other resource usage.

Consequently, this clarification can best be done at the time of the Contribution Agreement process initiation, organised and directed by the NRO, involving the invited interested implementing organisations – see also Chapter 5.

Main subjects of clarification during the Contribution Agreement talks and negotiations are:

- Mandates and composition of the three Committees;
- Role of lead-contractor and its relations with sub-contractors;
- Role and job description of the assigned team leader;
- Job descriptions of the other PMU and sub-contracting staff;
- Basic guidelines and possibly protocols for the internal PMU organisation and conflict handling.

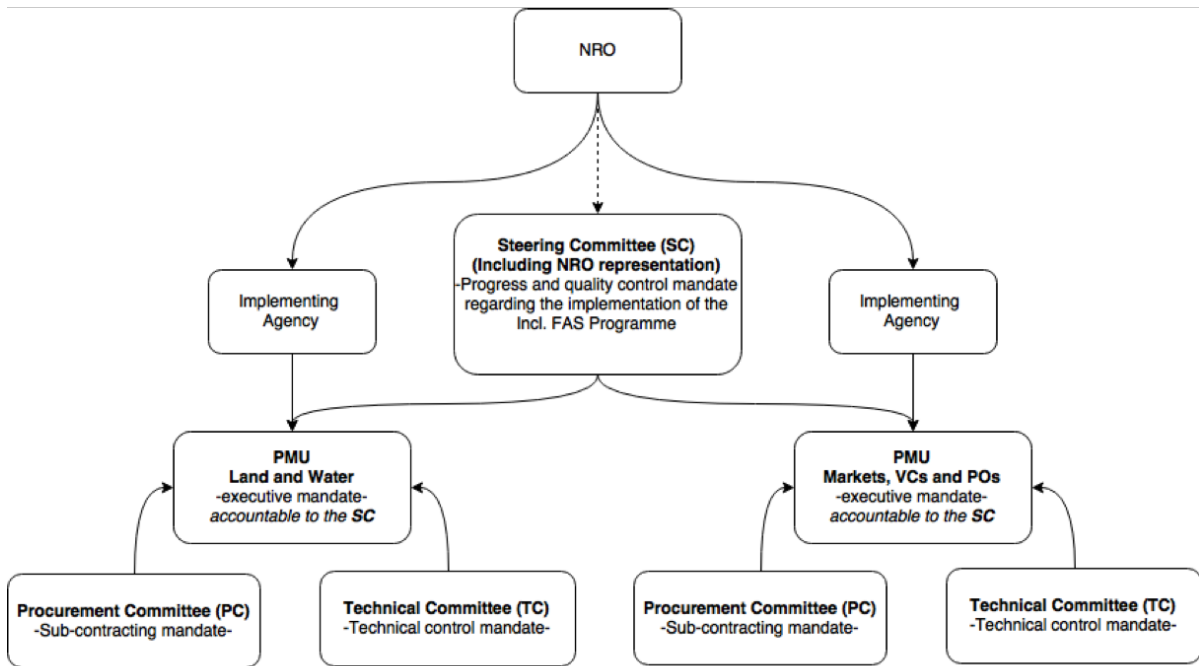


Figure 4.1 PMU structure of the Incl. FAS Programme of the NRO

4.2 Organisation of executive Monitoring & Evaluation

Another lessons from the current PMU organisation concerns the crucial function of executive Monitoring and Evaluation (as differentiated from impact M&E) of the programme activities.

First activity after finalising the Contribution Agreement process, the NRO, the selected and recruited PMU staff and Committee members will hold a **workshop to design and elaborate the adapted and comprehensive system for the executive M&E both Incl. FAS programme components**. This design workshop will decide on all the operational parts of an M&E system, including:

- Prime users and destinations of the Incl. FAS programme M&E information and outcome and their information needs regarding the programmes;
- Formulation of clear M&E purpose and objectives which are in line with users' needs and programme specific objectives and core activities;
- Efficient M&E methods and lean tools, for both information gathering and analysis of gathered information; design of tool contents – nature and quantity of information - will be component specific and in line with the nature of the programme activities to be monitored;
- Critical choices of primary M&E information providers/producers;
- Attention for M&E integration into the two programme components where possible; avoiding duplication and redundancy in information gathering;
- One professional M&E officer (M/F) for both programme components, thus creating a transparent link between programme execution and outcomes by the two PMU teams.

5 Procedures for implementing organisations

5.1 Contribution Agreement

One lesson from the previous and on-going Food Security projects of the NRO is that many partners have proved to be highly competent in providing development services in various domains of socio-economic and technical development intervention as required for Incl. FAS.

This implies that the NRO can rely increasingly on available competent partners, whereby, when needed, additional specific experiences and knowledge can be included through hiring occasionally external expertise in support of the implementation of the proposed Incl. FAS programme activities.

To initiate the implementation of the Incl. FAS programme by the two PMU teams, the NRO will start a Contribution Agreement procedure. With reference to the programme component TORs, a selected number of interested parties will be invited to prepare and negotiate a proposal for implementation of the programme component concerned.

Based on on-going experiences, the estimated overhead costs for the implementation of the two programme components are not identical and should be in line with expected requirements of human and other resources, depending the nature of the planned interventions.

As to be decided during the Contribution Agreement process, the acceptable overhead costs for the 'Land, Soil and Water' component will be lower than for the 'Markets, Value Chain and Producers' Organisations' component. The latter expectantly requiring much more human resources, its overhead can be limited at maximum 30% of its budget provisions, while the former component can be limited at maximum 20 %.

5.2 Evaluation criteria for implementing organisations

Invited parties that express interest to lead and/or participate in one of the programme components, are to be evaluated and selected by the NRO and the PMU Steering Committee according to the following criteria:

Evaluation criteria:	Score:
On experience Palestine:	
▪ To have at least 5 years experience in the Palestinian context;	5 pt
On technical capacity and experience:	
▪ To have at least 10 years trans-sectoral experience in the professional and technical content of the component;	10 pt
On organisation capacity and values:	
▪ To have traceable experience in multi-stakeholder cooperation	5 pt
▪ To have the competence to build consensus;	5 pt
▪ To have the ability to connect and collaborate with both the PA public sector and the Palestinian and international private sector;	5 pt
▪ To act according to high standards in transparency and accountability;	10 pt
▪ To be able to mainstream gender issues;	3 pt
▪ To be able to hire and manage human resources for the key positions in the project;	3 pt
▪ To have the ability and flexibility, to hire additional external human resources;	3 pt
On financial capacity:	
▪ To have a traceable financial turn-over(2013-2015) that justifies the implementation of attributed activities of the component;	5 pt
▪ To be able to administer both financial and in-kind contributions of producers and producer organisations;	3 pt
▪ To be able to collect co-financing contributions of producers or producer organisations;	3 pt
On administrative and logistic facilities:	
▪ To have administrative and logistic facilities available to run the activities according to the regulations of the NRO;	10 pt
**Additional criteria only for the Reform and Development of Markets, Value Chains and POs Component of the Incl. FAS Programme:	

-
- To have the capacity to elaborate, adapt and apply tools for PO assessment, capacity building, business planning, value chain and market analysis; 5 pt
 - To have proven capacity to effectively access and transfer international agrifood market standards and related knowledge to the Palestinian value chain actors 5 pt

****Additional criteria only for the Inclusive Access to and Sustainable Management of Land and Water Resources component of the Incl. FAS programme:**

- To have relevant and traceable technical competences regarding access to and management of land and water resources; as well as economic competences in cost-effective operations on the ground.
 - To have proven capacity to effectively communicate and build consensus with local authorities (Municipalities, village councils..etc) in the context of community based agriculture interventions 5 pt
-

Furthermore, the implementing agency and its sub-contractors:

- Fully agrees with NRO's Inclusive Food and Agribusiness Security Strategy;
- Fully agrees with NRO's financial and budget regulations;
- Is expected to take the project as a business development project rather than a humanitarian intervention;
- Endorses the autonomy of producers' organisations and other Incl. FAS participants.

6 Incl. FAS Programme Budget 2017 -2019

Although the NRO budget for the proposed Incl. FAS programme 2017-2019 is not yet known at the moment of the writing of this document, we assumed that the available programme budget will be at least equal to the sum of implemented and on-going Food Security project budgets (2014 – 2016).

In line with earlier intervention experiences as well as the differences in nature and costs of the interventions by the two components, it is realistic to estimate a 60 – 40 % ratio of total budget availability for respectively the 'Land, Soil and Water' component and the Markets, Value Chains and Producers' Organisations component.

Moreover, experiences in previous programmes also showed that the new Incl. FAS programme needs to make co-financing an explicit funding strategy of its various activities and investments. Here we distinguish:

- a. Co-financing of productive investments by programme participants and beneficiaries;
- b. Co-financing of programme activities through strategic partnerships with other development agencies and possibly other donors:

Ad a. In co-financing by groups and individuals we distinguish co-financing in *cash from in-kind* contributions to the project activities. With farmers and families involved in water and land reclamation activities this is already a common and established practice in the on-going projects.

Farmers in rain-fed production systems reported that their 20% contribution to the cost of land reclamation can be earned back in 2 – 3 years from revenues of sales from intercropping (e.g. sesame, beans) until the main crop (e.g. grapes, olives) comes into production.

Considering this kind of contributions rather a *medium or even long-term* investment, co-financing 40% of the land and water investment is more realistic and feasible.

Moreover, regarding productive investments in the Value Chain development, be it in infrastructure, technology and equipment for primary production, post-harvest handling or storage and marketing, the co-financing share of investment costs should be calculated on the basis of the obligatory feasibility study and business and investment plan concerned.

Ad b. With co-financing by strategic partnerships, multiple goals and impacts can be reached in direct support of the Incl. FAS programme; here we mention explicitly:

- Increasing the number of planned activities (more of the same) through the effect of reduced own spending per activity and/or additional spending through supplementary financing and resource allocation by the partners in strategic partnership concerned;
- Strengthening the Incl. FAS strategy by the implementation of new supplementary activities and investments, not only in Value Chain development but also in food and non-food MSME development;
- Multi-donor financing of 'sensitive' investments in land and water will enhance diplomatic and political collaboration by parties concerned that are also involved in negotiating and supporting peaceful relations.

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- Gaza Buffer Zone Land Rehabilitation, 2012-2013;
 - Land and Water Resource Management – L&WRM 2013-2016;
 - Agriculture Wells Rehabilitation in West Bank Area C, 2014-2016;
 - High Value Crop, HVC 2013-2016;
 - Sanitary and Phyto-Sanitary Standards Capacity Building, SPS 2014-2017.
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Appendix 1 Terms of Reference Mission

TERMS OF REFERENCE⁶

for the New Phase Formulation of the NRO FUNDED FOOD SECURITY PROGRAMME

Introduction

The first consultation mission on the future NRO – Ramallah Food Security programme took place from 21 August to 3 September 2015. This mission generated a comprehensive report entitled “Drivers of Growth – A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories”, written by two consultants from The Netherlands, Diederik van Groen (Synergie Consultancy) and Esther Koopmanschap (Wageningen UR, Centre for Development Innovation).

Shortly after finalising and sending the comprehensive draft report, the consultants received comments and orientations from the NRO team and discussed this feedback by email and during the 2nd Bilateral Forum of Palestine, in The Hague, on 30 October, 2015, where the report was also presented in an agriculture workshop.

After the Forum, the consultants finalized the main report, a so-called Epilogue (November 2015). Annex 1 of this ToR concerns the Report and the added Epilogue (chapter 7).

In preparation of their second visit, two Terms of References have been drafted by the consultants which will serve as key working documents during the visit and its aftermath. These two ToRs represent the key documents of the Inclusive Food and Agribusiness Security (Incl. FAS) programme and will serve the NRO for the purpose of programme organisation, management (planning - monitoring - evaluation) and subcontracting implementing agencies.

Already during the consultants’ field work and the debriefing of the preliminary findings and recommendations at the NRO, it transpired that the emerging changes and proposals for both the Incl. FAS strategy and programme would need more detailed feedback from various key stakeholders in the on-going and new phase of the programme. As it was agreed upon then, a second round of participatory consultations by the two consultants concerned would generate the appropriate basis for the validation for the new proposals to the NRO team.

Towards Food and Agribusiness Security

The Palestinian agriculture sector is of key importance for food security as well as for income generation and private sector development. A significant part of the Palestinian population is depending on it, either for their daily access to food or for employment opportunities; around 15% of the population derives its income directly from the agricultural sector. However, the agricultural sector in the occupied Palestinian Territories (oPT) is still seriously underdeveloped and losing ground in terms of contribution to the Palestinian GDP, dropping from 13% in 1994 to 6% in 2010. Although there is good potential, the Palestinian agricultural sector has so far been unable to significantly increase its production. This situation needs to be addressed, also in view of the objective of building a viable Palestinian state.

The main elements for increasing agricultural production in the oPT – the availability of land and water, access to (external) markets and institutional capacity – are currently also the main constraints for its sustainable development. The combination of these factors limits the opportunities for local food production and access to markets for agricultural products. In this light, the Netherlands Representative office in Ramallah (NRO) evaluated all its projects within the food security programme. Current Projects include the Agri-wells, HVC, LWRM, SPS and Buffer Zone projects. The NRO’s Food Security Programme covers both the Gaza Strip and the West Bank and builds upon results achieved in the past.

⁶ as provided by the NRO on 7 December for comments by the two consultants

Based on the first mission, the consultants aimed to provide the NRO in the occupied Palestine Territories an innovative proposition to renew their current leading development role in enhancing Food Security in both the West Bank and the Gaza Strip. Their advice particularly focussed on an Inclusive Food and Agribusiness Security strategy that offers systemic support to the development of (i) agri- and food business, from micro and small to industrial levels; on the basis of (ii) sustainable livelihood and business conditions in an (iii) enabling market, services and institutional environment. The authors especially highlight other levels of human, social and financial development investments.

Description of the Food Security Programme: Context of the Agricultural Sector within the NRO vision

The NRO's Food Security Programme covers both the Gaza Strip and the West Bank and builds upon results achieved in the past. In the Multi-annual Strategic Plan for 2014-2017, the NRO has defined the following strategic goal, outcomes and outputs for food security in the PT states: "At a strategic level, the NRO wishes to contribute to a situation in which the Palestinian people within the Palestinian Territories have access to sufficient, safe and nutritious food, while Palestinian farmers, including smallholders, have the capacity to compete with their products in the national and international markets."

The Programme is developed in line with the Palestinian National Development Plan and the Agriculture Sector Strategy. Having one of the most advanced and high-tech agricultural sectors in the world, The Netherlands is a natural partner for Palestinian farmers in further developing their sector. The Netherlands combines meaningful development-oriented interventions to improve food production (the Dutch have a long track-record in the PT and is a world leader in terms of expertise and technology transfer) with effective diplomatic activities to improve market access for Palestinian agricultural goods.

The main elements for increasing agricultural production in the PT – the availability of land and water, access to (external) markets and institutional capacity – are currently also the main constraints for its sustainable development. The combination of these factors limits the opportunities for local food production and access to markets for agricultural products, which explains the aforementioned relative demise of the agriculture sector.

The NRO's programme aims to address these constraints. Firstly, the Land and Water Resource Management Programme as well as the Gaza Buffer Zone project enhance access to land and water for agricultural use by reclaiming and rehabilitating land and providing for water infrastructure and agricultural access roads in the West Bank (including Area C) and the Gaza Buffer Zone. Secondly, in terms of access to markets, the NRO – through its High Value Crops Programme, implemented by FAO - supports horticultural cooperatives to achieve the required level of quality requirements and marketing techniques for their products in order to access national and international markets and lobbies for better possibilities to import supplies and export the farmers' products. Finally, the NRO supports the Ministry of Agriculture so that it is better equipped to deliver services to the sector, especially when it comes to sanitary and phytosanitary standards which are mandatory for WTO compliance.

Main stakeholders of the Agriculture sector:

The Palestinian Ministry of Agriculture (MoA) was established by the Presidential Decree No. 90 of 1995. Other stakeholders include NGOs, UN agencies, farmers unions and associations and universities.

Overall objective

Formulation of the new phase of the NRO funded Food Security Programme.

Main aim and outcomes of Mission 2

The main purpose of the second visit is to consult with the NRO and its main stakeholders about the on-going and newly proposed programme with the aim to validate the newly proposed Inclusive Food and Agriculture Security Strategy.

1. A comprehensive report:

A comprehensive report of Inclusive Food and Agribusiness Security in the oPT which is based on a consultative process with many key stakeholders of the Palestinian Agriculture Sector, i.e. representatives of Cooperatives and Unions but also from industries, NGOs and governmental agencies as well as from international agency and embassy communities. The final version of "Groen, D. van and Koopmanschap, E.M.J (2nd draft, November 2015). Drivers of Growth; A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories" will serve as a basis for the validation and which will serve as a basis for:

2. Developing Terms of References for the 2 components of the new phase of the NRO funded Food Security Programme:

Market and Cooperative Reform:

It addresses capacity building of Producers' Organisations and groups as well as Value Chain efficiency and Producers' productivity and profitability

Land and Water Management:

It addresses access to and efficient use of agricultural water and land and focuses on improving land, soil and water management at Farm, Cooperative, Village and Watershed levels.

Methodology, activities and planning

The proposed methodology and sequence of activities runs as follows:

a. In preparation of the visit in cooperation with NRO;

1. Drafting the requested ToRs accordingly to the 2nd draft of "Drivers of Growth" (November 2015);
2. Short-listing the key stakeholders to be consulted for feedback and participation in the validation of the Incl. FAS Strategy and the 2 ToRs;
3. Preparing the programmes of the different workshops and workshop methods;
4. Preparing and sending the materials and information to selected stakeholders who will participate in the validation workshops.

b. During the visit;

1. Organising and implementing a series of consultative workshop sessions with selected stakeholders;
2. Synthesis of feedback and integration into the proposed Incl. FAS programme (especially the ToRs);
3. Final debriefing of NRO.

c. After the mission.

1. Finalising the mission report and its annexes.

Output

- A comprehensive report of Inclusive Food and Agribusiness Security in the oPT which is based on a consultative process with many key stakeholders of the Palestinian Agriculture Sector;
- A short report on the meetings with Palestinian and Dutch Marketing Companies;
- A finalized cooperative assessment tool, adapted to the PA context;
- A finalized ToRs (an internal document for the NRO) with the following components:
 - Background on Palestinian food security sectors;
 - Major issues in the enabling environment;
 - Stakeholder analysis;
 - Envisaged set-up: Focus/Scope and Components;
 - Envisaged objectives and targets (outcome/output);
 - Implementation arrangements;
 - Complementarity and collaboration with other projects (in particular Ex-Dutch funded Projects);
 - Rough budget with major budget categories. (It can be decided by the NRO).

Requirements

- Policy/institutional economist/ agronomist with at least 10 years of experience in policy advocacy and institutional reforms in developing countries; preferably related to agricultural (policy) development;
- Team player with ability to translate views of the team into a SMART ToRs project proposals; and
- Affinity with the expectations with Dutch development cooperation and foreign trade;
- The international consultant is advised to involve a local consultancy team.

Duration, timing and logistics

This ToR concerns the implementation of the proposed consultation and validation mission, which has preliminary been scheduled from 4 to 14 January, 2016, Final reports and full detailed approved ToRs to be submitted and approved by the 31st of January 2016.

Annex

"Groen, D. van, and Koopmanschap, E.M.J (2nd draft, November 2015). *Drivers of Growth; A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories*"

Appendix 2 Agenda of visits and meetings

Introduction

Immediately after the first consultation mission by Esther Koopmanschap and Diederik van Groen, from 21.08.2015 to 03.09.2015, exchanges and preparations continued for the second follow-up mission on the basis of the mission report entitled *"Drivers of Growth; A strategic plan for human, social and financial investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories"*, Wageningen, December 2015.

October – December 2015

- Several common drafting and report writing sessions in Wageningen and Alkmaar before finalizing and sending the draft mission report referenced above;
- Participation in the 2nd Bilateral Forum of Palestinian-Dutch Partnerships in The Hague, 29-30 October 2015:
 - Preparation and presentation of Incl. FAS model entitled *"Opportunities for 'Pal-Neth partnerships' in Inclusive Food & Agribusiness Security"*, free after our Incl. FAS model and the 'Government-Knowledge-Business' cooperation;
 - Feedback meeting with Thameen Hijawi (NRO consultant Food Security) regarding the first draft mission report 'Drivers of Growth' and orientations for the follow-up mission;
 - Writing a condense of the feedback on mission report in reference entitled: entitled *"Epilogue"* which has been annexed to the mission report in reference as Appendix 7.
- On-going exchanges on 2nd mission ToR (Appendix 1: "ToR for the new phase formulation of the NRO funded Food Security Programme" of 7.12.2015); various e-mailings and Skype meetings on the ToR interpretation, e.g. as condensed in: "Memo for the 2nd mission" of 22.12.2015.

5 January 2016

- Arrival in Ramallah of Diederik and Esther respectively from Alkmaar and Ankara;
- Lunch meeting with NRO: Wijnand Marchal – 1st Secretary Economic Affairs, Subha Ghannam (subha.ghannam@minbuza.nl, 0599.644868), Secretary Water & Sanitation Programme and Thameen Hijawi, Advisor to the NRO:
 - Focus of this mission and its main outcomes: two specified ToR documents as components of the future Incl. FAS programme implementation;
 - How to integrate into these two components the obvious need of access to (inclusive) finance for productive investments;
 - Review of the 2nd mission programme including our visit to Gaza Strip, starting 6 January 2016;
 - Further discussion and exchanges on various subjects.
- Meeting continues at NRO with two staff from Australian Representative Office in Ramallah, Mr Paul Roche and Mr. Tawfic Raad:
 - Exchanges on the main characteristics of their newly launched 'AMENCA 3 programme' with Civil Society organisations (NGO-NGO cooperation) focused on (1) competitive Palestinian farmers and (2) 'connecting to markets';
 - Exchanges on various issues such as building consortia with MFIs, Universities, Donors, other stakeholders (e.g. organising cooperation conferences, lunches); the role of the MoA in programme implementation; conditions of cooperation with private sector companies; linking producers' cooperatives to companies in terms of Value Chain development; working in West Bank Area C.
- Esther and Diederik confer to work out mission strategy for ToR implementation and framework for further information gathering and analysis (as this is the first face to face session since the late Forum meeting in October).

6 January 2016

- Travel to Gaza Strip with Wijnand and Thameen; logistical assistance from FAO staff and UN security protocol to enter and travel inside Gaza Strip;
- In Gaza City at UAWC office: meeting with 6 women leaders from three Women Cooperatives from respectively Gaza and Khan Younis Governorates:

-
- Inventory of main activities and wide variety of agricultural and food productions by the Cooperatives (*“collective activities”*) and their members (*“individual and family activities”*);
 - Exchanges on *“what is profitable”*, *“what are our opportunities for growth”* identification of potentials and requirements/conditions for increased production, transformation, marketing; need for and options of *“inter-coop cooperation”* (federation model?) especially to improve marketing (branding, labelling, pricing...) and cost efficient production and marketing in an effort to improve profitability;
 - Reviewing the core objectives in terms of *“developing livelihood”* and *“value chains”* of certain popular products/activities by the coops and its members: comparing family based self-consumption needs with sales of surpluses and financial profitability;
 - Strengthening cooperative management capacities, business models, technological innovation, financing investments... What does the *“Gaza Cooperative Law”* say, and how to improve it when needed in the light of business and profit-oriented food production by cooperatives; establishing MSME as production units in Cooperatives? Etc.;
 - Need for a comprehensive advisory service for women coops and creation of learning spaces (exchange visits to WB, elsewhere, to see new equipment, etc).
 - Lunch meeting with UAWC staff and others; exchanges and discussions about on-going programme activities; problems and constraints under typical Gaza conditions and circumstances; on-going bans and restrictions imposed by Israel; etc.;
 - Meeting with 15 leaders from 12 Farmers’ Cooperatives from all four Governorates of the Gaza Strip:
 - Inventory of most promising, profitable crops grown by members of the various Coops; protected: plastic greenhouse, plastic tunnel; open field: irrigated and rain-fed crops and production systems including tree crops such as dates and olives;
 - Issues of post- 2014 war losses and reconstruction of agricultural infrastructure (water wells and towers; roads; greenhouses; packing houses; orchards, plantations, fields; cattle;
 - Exchange on ideas and priorities for improvement, growth and innovation upstream and downstream along the value chains of a wide variety of crops, including: (1) organisation, management and capacities of Farmers’ Coops, Cooperative Enterprises, Union of Coops; (2) business modelling and marketing; (3) management and efficient use of essential resources: water including waste water reuse and land, including soil fertility; (4) access to land especially in the buffer zone; (5) marketing at local and export markets; (6) blockage and restrictions by Israel, especially at border crossing Beit Hanoun – Erez; (7) intensification of agri-food productions (quality and quantity) and innovation of technology; (8) independent electricity by renewable energy sources;
 - More ideas for collective action: negotiating cheaper transport prices for Beit Hanoun/Erzet to Tel Aviv Airport and to West Bank; circumventing /mitigating effects of various restrictions on importation and exportation; cultivating *“dual purpose”* crops and import substitution crops; various ideas for innovation pilots on various crops and livestock production systems; value chain cooperation; improvement infrastructure of local markets and storages in cooperation with local businesses and enterprises.
 - At hotel: meeting with 2 UNDP staff, Mr. Amran Kharouby, programme manager, and Mr. Mohamed Abu Shaaban, Monitoring and Reporting Officer:
 - Programmes, systems and technologies in post-war rubble removal, treatment and reuse; recycling and up-scaling solid waste and composting organic waste;
 - Rebuilding and rehabilitating post-war shelters and destructed houses; new programme for 13,000 units for ‘non-refugees’ under the so-called GRM system (Gaza Rubble Mechanism);
 - In the light of the current progress of clearing and recycling post- 2014 war rubble, the proposed pilot of (Dutch) Mobile Factory unit *“comes late”* for Gaza Strip, but could become an interesting pilot in the UNDP Yemen reconstruction project which will start very soon this year. Another obvious possibility will become the Syrian reconstruction programmes;
 - <http://themobilefactory.org/> and <https://www.indiegogo.com/projects/the-mobile-factory#/>;
 - The Khan Younis WWTP project (2014) is ‘ready for construction’. Many issues and questions concerning the use of its products such as irrigation water, organic materials, renewable energy remain to be topics of debate and need to be solved not only at Plant level but also at regional level; the Plant should not only learn (a lot!) from the WB+ bilateral donor WWTP project (since

2005 under construction) but also become part of a comprehensive *master plan of water management* for entire Gaza Strip, which needs to be designed urgently.

- At hotel: informal working dinner with special invitees: Mr Nabil Abu Shammala, Dean of Agriculture Faculty of Islamic University, Gaza; Mr. Ahmed Sourani, Coordinator Oxfam Italy in Gaza; Mr Said, entrepreneur, farmer and exporter; and other guests. Over the meal, we had many individual and small group conversations discussing a wide range of topics, ideas, questions etc. Some ideas and issues that may be of importance to the future Incl. FAS programme and its activities, where applicable, concern:
 - Building in factual cooperation with value chain actors such as Businesses and companies involved in input production and supply, Knowledge institutions (such as Agric Faculties) involved in pilots and on-farm trials for technological innovation or new marketable crops;
 - Taking the current state of tissue culture to a commercial size of application by producing, marketable varieties of strawberry, sweet potato and other crops, thus reducing dependency on importation of these inputs;
 - Taking sustainability seriously by starting to face the current 'dead soil' pandemic by designing and putting in place a comprehensive pilot and on-farm application of combined IPM and ISFM technology and practices;
 - Thinking through, designing and testing forms of informal associations and cooperatives and MSMEs, appropriate for (small scale) agriculture and food producers (women and men) according to the well known and culturally embedded 'Jamaahya' model (self-help groups; saving groups; learning 'spaces');
 - By implementing the crop strategizing approach in Incl. FAS, examining the possibilities of formation of VC platform or consortium, learning spaces and above mentioned Jamaahya.

7 January 2016

- Field visit to a pilot project involving two strawberry farmers and cooperative members in Beit Lahiya, accompanied by some UAWC staff involved in the pilot;
 - Comparing strawberry under protected open field system (plastic tunnels) by one experienced farmer with hanging strawberry under plastic greenhouse system by another experienced farmer; the latter system is also an innovation pilot with inputs and installation paid by the project (\$10 per meter) including recycling of unused fertigation water;
 - Monitoring of greenhouse based system based on FAO monitoring model; discussions of the data collection which seems incomplete for unbiased comparison of economic and financial returns;
 - Interesting application of an IPM protection practice against trips in open field system: planting spring onion and garlic as a catch crop, reducing need for chemical protection by estimated 50% (no hard comparison data available).
- Field visit to Jabalya Waste Water Treatment Plant (WWTP) in the Buffer Zone, funded by World Bank and several bilateral donors; explanations and guided tour by the project manager and two of his engineering staff. Designed more than 10 years ago, after several wars and many administrative, logistical and financial hurdles, the Plant is now almost finished and will be ready for operational testing in the course of 2016; amongst the many lessons that can be drawn from this project experience we discussed:
 - Due to the originally urgent need for a 'rapid solution' and consequently the initially partial feasibility study and incomplete business planning, the Plant continuously brings up issues and questions labelled 'still to be answered';
 - The designed construction took much too long and much of the installed technology is already liable to replacement even before it has become operational; nevertheless, the Plant must be put to operation urgently to avoid the growing danger of on-going infiltration of the current untreated waste water streams and danger of pollution of the aquifers for drinking water of the same communities that produce the waste water;
 - Comprehensive ecological, economical and social planning for a future Plant is absolutely a prerequisite; this need corroborates with the need for a comprehensive **water management master plan** for the Gaza Strip which is rapidly evolving towards a 'big city' with urban and semi-urban areas, hence suggestions for urban and semi urban agriculture were discussed;
 - Incl. FAS cannot be involved in WWTP design and development, but can be involved in complementary innovation in specific domains of (a) management and use of treated waste

water (a key WWTP product) for irrigation purposes and (b) renewable energy as another WWTP product.

- At an UAWC project office in Jaballa, lunch meeting with three representatives of the Ministry of Agriculture (MoA), during which we discussed:
 - Review of priorities for sustainable agriculture and food production in the Gaza Strip;
 - Issues and on-going rehabilitation of agricultural infrastructure after the 2014-war;
 - Agricultural water policy of the Gaza Strip: a combination of more efficient water use management, new sources of water such as recycled water from WWPT, construction of extensive piping system for recycled water for innovated irrigation methods as well as intensive greenhouse based production systems;
 - Besides the need to reduce dramatically the discharge of untreated waste water and a yearly reuse of 60 Mio m³, other urgent environmental and agro-ecological problems to be tackled are: increasing salinity of arable land and aquifers; polluted coastal lagoons that function as buffers between seawater and freshwater aquifers;
 - Amongst further challenges and options for innovation are: livestock development strategy focussing poultry, cattle and sheep; fodder institute and innovative fodder production; greenhouse strategy involving 13,000 dunum of greenhouse improvement and innovation; introducing / expanding production of salt tolerant food crops; innovative crop and food value chain strategising in two key crops of Gaza Strip: olives (35,000 dunum) and dates (Hayani variety; 10,000 T/year); attracting (private) financial institutions willing to invest in agriculture and food industries and offer new services such as insurances; opening markets, export markets and mitigating Israeli restrictions and bans.
- Return travel to Ramallah and further planning of the next day of the mission programme.

Friday 8 January 2016

- At hotel: discussing and working out various frameworks for reporting and project proposals, analysing and editing notes of the first mission days;
- Short consultation with Thameen on the forthcoming programme activities.

Saturday 9 January 2016

- At hotel: structuring notes and drafting ToRs;
- Consultations with Thameen on programme and logistics for the next day.

Sunday 10 January 2016

- At PACU office, Nablus morning session with 12 leaders of 10 Women's Cooperatives in the area in the presence of three UAWC staff:
 - Inventory of main (production) activities by the Coops; all have at least one 'core business', most some have diversified activities, including primary production by members (milk, vegetables, fruits) and processing food and packaging as a collective activity (lebnah, juice, pickles, jam, honey);
 - Diversity in legal structure, organisation and autonomy: from shareholding cooperatives to membership charity associations; from building own cooperative capital (after profit sharing) to depending for assets on NGO projects and donations (e.g. mushroom production);
 - In general: all coops aim to run (1) services to members and (2) economic activities that in some cases employ a number of women (one case of a supermarket employing 6 persons);
 - Issues and challenges of cooperation, production, technology, and marketing; the latter appears serious; competition from cheaper imported and locally produced foods; can investment in more efficient production technology reduce production costs??;
 - In conclusion: high need for more market oriented production and business oriented management by individual coops; need for competent and independent business advisory service e.g. on investment decisions and business planning (profitability calculations...); need for effective cooperation amongst the coops in domains such as market demand, market information and production planning.
- After short working lunch: session with approx 30 leaders and representatives from 28 cooperatives in the wider area (incl. Jordan Valley):
 - Very diversified situations of the coops, as reported by the participants, in terms of crop and livestock productions; relatively much organic productions of various crops including the traditional olive and olive oil, dates, almonds, fresh and processed herbs (e.g. za`tar);

- No interest in discussing profitability of core activities, but rather of issues of marketing (many products), investment (in transformation technology) and innovation (in production technology) – e.g. IPM, motivated by the high cost of imported pesticides;
 - Litany of problems runs over the table, but apparently there is no regular space or platform ('system') to discuss these amongst each other in more sector or product oriented groups;
 - Wide range of suggested investments without any indication of calculated business and investment planning (e.g. compost production; nurseries; cold chain; packing house; juice factory; solar panels; renewal of irrigation systems; etc.); also the NRO supported Cooperative enterprise of 14 so-called High Value Crops Cooperatives (1,500 members) presents a list of 'improvements' requiring serious feasibility study and business and investment planning.
- **In conclusion: in general, as above with the Women's Cooperatives, development activities of both cooperative capacities and value chain must become much more market driven and business oriented.**

Monday 11 January 2016

- At UAWC office in Ramallah, morning session with 12+ farmers and 5 project staff involved in Land Reclamation in various parts of West Bank (Hebron, Kusra, Qalqilia, Nablus):
 - Reclamation of family owned land in Area C.; on average 5 – 10 dunum per family in projects from 70 to 1.200 dunum; in some cases including construction of agricultural access roads 9made with crushed stones from the land reclamation;
 - Motivation and impacts of the reclamation: increased production & income; increased value of the land; protection against confiscation (although the Israeli occupier responds with confiscations of other land, equipments, blocking roads, stop orders of on-going works, etc);
 - Long discussion on investments & profitability of production systems put in place after reclamation; revenues and profitability depends on cropping system and markets:
 - Much of the new land is used for rain-fed tree cropping (grape, almond, olive);
 - Where some water is available in dry season: supplementary irrigation (e.g. 6 m³/dunum);
 - Where more water is available: drip irrigation of field and greenhouse crops.
 - Rule of the thumb: intercropping with beans, lentils, sesame, thym, etc. in the first 2 – 3 years after tree crop plantation, generates revenues that equals the famers' own cash contribution to the costs of land reclamation which is put at 20%; most farmers are aware that their co-financing contribution of NIS 700 - 1000/dunum (\$ 175 - 250) is in reality much lower, when they estimate real costs at US\$ 600 – 2,900/dunum depending the original physical condition of the reclaimed land;
 - General way of financing this cash contribution is from own (family) capital, borrowing from family or neighbours; commercial or micro-financing borrowing is not done ("too expensive", or for some even 'haram');
 - Profitability of investment is considered good enough to be ready to double own contribution; yet there are other issues and challenges such as marketing (huge gap between farm gate and consumer prices for fresh); lack of freedom of organisation (crop councils are not allowed to operate according to original idea; re. grape council in Hebron); and soil fertility (lack of professional and accessible advisory and soil-laboratories).
- At PACU office in Nablus, afternoon session with 20+ farmers and Board members of Water Committees, Water User Associations and cooperative members (users of irrigation water), + some PHG and PARC staff, all involved in the ongoing agricultural water projects:
 - After a various rehearsals of compliments to the Dutch government; some examples of impacts of the "new water" on irrigation water management: (1) distribution system: water supply by quantity 'on the meter' rather than by time – e.g. two hours of water; continued need for more piping; (2) use at farm level: more efficiency in drip system; irrigation according to needs of plants; etc;
 - It is generally claimed that availability and use of 'new' irrigation water "improves, doubles.." productivity of various crops (old and new crops) but no hard data are not mentioned or even known? by the participants. The same counts for 'profitability', another kind of taboo .
 - At some detail we discussed implications and impacts of the project, irrigation and higher yields on: soil fertility and marketing (at local markets, other WB markets, Israeli markets):

- Soil fertility: disturbingly little attention/ awareness of need for fertility maintenance, except with some organic producers;
- Marketing of fresh: many common problems have been experienced, such as dumping by Israeli companies, heavy fluctuations of farm gate prices due to absence of production planning and consequently overproduction; lack of market protection (in the absence of governmental authority) and market regulation (in the absence of relevant farmers' organisation).
- In conclusion: as with land reclamation, obviously the new water sources have a significant impact on the productions systems and farmers' revenues, but there is a clear need for much better on-farm and cooperative advisory in economical, crop- soil - water technical, business and marketing domains, and well as transparent and effective market organisation of common fresh products including sector oriented producers' organisations.

12 January 2016

- At hotel: writing ToRs and mission report;
- Feed-back session with Thameen.

13 January 2016

At UAWC office, Ramallah; morning session with 7 staff from UAWC (lead- contractor of the current Programme Management Unit - PMU), PHG, ESDC, LRC, involved in Water and Land reclamation projects: 'experiences from the implementation of the current water & land projects; lessons and ideas for the management of the two components of the new Incl.FAS programme'.

On project beneficiaries:

For any follow-up intervention it is useful and necessary to distinguish the different groups and group organisations benefit from new land and new water, such as water user associations, producer organisations, both formal and informal as well as individual farmers and families; new beneficiary groups concerned are rural women organisations, youth and young entrepreneurs, land labourers.

On objectives and ideas for the two Incl. FAS components

Confirmation of necessity to include research and innovation in a wide range of relevant subjects and topics such as soil fertility practices but also (low) costs of fertility; compost production (use of organic residues at farm level but also use of organic and solid waste at community level); drip irrigation techniques and management; on-farm piloting and trials are a good innovation strategy for the new programme; need to include activities aiming increased sustainability and resilience on climate change, dry land, etc. Confirmation of need to enhance PO's organisational competences in business development, financial management, technical management.

On the PMU structure, organisation and operation

PMU partner structure was a new experience to all involved; some lessons and questions are: PMU is a cooperative or partnership structure and all partners need to understand their role and mandate and learn to cooperate, while the PMU itself should have a clear mandate and clear job descriptions; in case of diversity of views and opinions, interference from the contracting agency through "their" PMU manager or other PMU staff is not desirable; competence of technical coordinator(s) should cover the main development sectors of the programme activities; there should be an operational link between the PMU of the two programme components; this could be the M&E officer responsible for executive M&E in both programme components.

- Working lunch with Wijnand, Thameen and Mr. Hans Heijs of ICCO-Cooperation in Jerusalem; exchanges on possible cooperation between the forthcoming Incl. FAS programme and the 'business booster programme' for food and non-food SMEs that is currently under prospection by ICCO; meeting to be follow-up with field visits, next week.
- Meeting at the Ministry of Agriculture (MoA) with Deputy Minister Eng. Abdullah Lahlou, Wijnand and Thameen; review of development priorities of the MoA of the current 3-year plan and the forthcoming 6-year plan:
 - How does Incl. FAS fit in? (Answer: very well);

-
- Does Incl. FAS provide direct organisational budget support for MoA, for MoA research institutes and for MoA Extension Services? (Answer: no, but it will enhance on-farm trials in which relevant MoA staff can participate).
 - Debriefing at the NRO, with Head of Mission, Mr. Peter Mollema, Wijnand, Thameen and Subha: Review of main mission outcomes; core structure of proposed Incl. FAS programme component objectives and some examples of proposed new interventions (e.g. pilots) as well as successful more-of-the-same activities, to be implemented with existing and new groups of beneficiaries
 - Final winding-up with Wijnand and planning of our report.

14 January 2016

- Report and ToR writing by Esther and Diederik;
- Lunch exchange meeting with Thameen;
- Departure of Esther to Ankara;
- (Departure of Diederik on 19 January, due to additional assignment).

Appendix 3 Meeting with some Implementing Agencies

13 January 2016

Beneficiaries/target groups/stakeholders

- Individual producers, workers and employees;
- Producer Organisations:
 - Cooperatives;
 - Informal farmers' groups;
 - Formal farmers' groups;
 - Rural Women Organisations.
- Profit and non-profit companies;
- Value Chain actors (processors, middlemen, traders);
- Youth (future agricultural entrepreneurs);
- Youth (students at agricultural vocational institutes or BSc., MSc. students at universities).

Suggested objectives for the next ToR

(mainly focused on Land and Water)

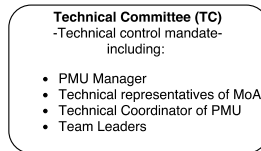
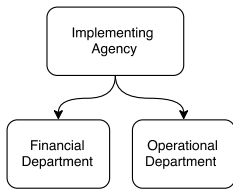
- Enhance farmers' income;
- Engage scientists at farm level:
 - Composting pilot project in Tubas, by use of 'agricultural waste' (Request of Ministry of Local Government).
- Focus on the applicability of research:
 - Farmers should be involved in 1. Design, 2. Monitoring and 3. Evaluation;
 - (Currently farmers might use irrigation patterns of 10 l/hr while 4 l/hr would be more beneficial).
- Optimal benefit per m³ of water:
 - Introduce advanced techniques for water harvesting;
 - Introduce proper use of water.
- Introduce solar energy for water pumps;
- Develop new Land Development models enabling the adaptation to climate change:
 - Requiring new partnerships of: Government, Knowledge and Research Institutes, Producers and others business actors;
 - Requires the use of local knowledge;
 - Focus on sustainable agriculture and resilience of farming systems.
- Partnership building in all objectives! (but building partnerships is complicated in PT);
 - Collective work/partnerships/networking on the use of collective resources.
- Protect natural resources;
- Increase availability of and access to land and water but also focus on the sustainable management of natural resources;
- Increase agricultural production and agricultural profitability, BUT by sustainably managing the resources used;
- Invest in soil fertility management:
 - Studies need to be carried out on the implications of intensive agriculture (especially in irrigated agriculture: salinity by excessive use of irrigation water);
 - Studies need to be carried out that provide information on e.g. temperature, soil humidity and the impact of climate change (an important driver for soil fertility);
 - More benefit from soil with low costs.
- On farm trials: are cooperatives the best 'environment' or partner? Environment of 'informal groups' (whether member of coop or not) is most beneficial;
 - Rain-fed agriculture: work with individual farmers;
 - Irrigated agriculture: Work with coops;

- Greenhouses: Work with individual farmers;
- Work with all agricultural systems.
- Integrate Value Chain Approach in objectives;
 - Piloting/experimenting with inputs from local markets, e.g. tissue for strawberry production.
- Business and Market Oriented Planning is essential for all farmers' groups, whether formal or informal, as well as the WUAs;
 - Capacity building is required at technical, managerial (bookkeeping, accounting) and organizational (leadership, logistics) level.
- Rehabilitation of natural springs in the south;
 - Reclamation or rehabilitation depends on needs.
- Strategies market organisation;
- Lobby and advocacy to protect farmers' rights;
 - E.g. enable VAT exemption;
 - More focus on vulnerable farmers.
- Develop the concept of 'consortium' (e.g. this platform of implementing agencies);
- Improve the image of civil society .
 - This is actually a task of the PMU regarding the Land and Water project.

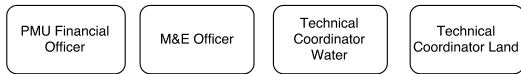
Project Management Unit (PMU)

Lessons learnt/To be improved

- A description of the mandates and an overview of tasks is needed for all PMU players, but especially for the:
 - Steering Committee;
 - PMU;
 - PMU manager;
 - Technical Committee;
 - Procurement Committee.
- In case of disagreement, described protocols or mechanisms to reach consensus would be supportive (now it is done in the SC but that mechanism should be described);
- There is a need for mainstreaming of gender issues in the PMU;
- Avoiding duplication of tasks: "we have already a financial officer in our own organisation". Agreed, however that the PMU financial officer needs to review and audit;
- Institutionalise the PMU without making it a new institution;
- "As contractors and sub-contractors, we under-estimated the project admin burden." "Overhead needs to increase to 20% (as FAO receives 40-45%)";
- The issue of co-financing, in-kind or financial, is more complicated in Area C, since land could be confiscated at any time;
- The flexibility in collective or individual approach that the NRO applied should remain:
 - Some farmers with field in the to be reclaimed (cluster) area were not always meeting the criteria, but we still allowed their participation;
 - For cisterns with the capacity 500 m³, a collective approach is needed but this scale also increases possible Israeli involvement; that is why individual cisterns (100 m³) were agreed to by the NRO.
- PMU needs to improve visibility to other donors, ministries, councils, not only within the sector, but also outside the sector, to promote the values of the civil society sector; The project provides the evidence of the benefit of the civil society; Exhibition of NGO work in newspapers, tv or organizing retreats with the public authority;
- Please find additional recommendations in the figure below:



-executive mandate-
accountable to the SC



*Recommended:
 Technical Coordinator Water and a
 Technical Coordinator Land or
 one expert having both capacities*

Appendix 4 SWOT Agricultural Sector

Strengths, Weaknesses, Opportunities and Threats of the Palestinian Agricultural Sector

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ The diversity of climates. ▪ Skilled and committed farmers. ▪ Available public agricultural institutions, which have been established in a relatively good manner, along with a large scale geographical coverage. ▪ Active NGOs and civil society organizations. ▪ Conduct of agricultural census and provision of reliable database. ▪ Available qualified staff with potential capabilities and leadership. ▪ Modern and comprehensive Agriculture Law and bylaws. ▪ Available basic structures and infrastructure, including universities, community colleges, training centres, research and experimentation centres, labs, etc. ▪ Issuing reports on international destinations focus on the importance of the agriculture development, such as the World Bank report. ▪ Good experience in dealing with states of emergency and crisis management. ▪ Awareness of significant developments and changes, such as genetically modified organisms (GMOs), climate change, etc. ▪ Integrated relations and positive cooperation between private and public sectors in agriculture. 	<ul style="list-style-type: none"> ▪ Severe lack of infrastructure and the capacity necessary for the promotion in the agricultural sector strategically and effectively, including those for agricultural roads, land reclamation and water resources. ▪ Severe lack of infrastructure as well as the capacity necessary to improve farmers' access to domestic and external markets. ▪ Low productivity and profitability of the agricultural activity and incompetent use of resources and inputs. ▪ Fragility and vulnerability to climate change and fluctuations of global prices. ▪ Weak performance, incompatible organisational structures, numbers and tasks, and debilitated coordination between institutions of the agricultural sector. ▪ High profit margins of merchants, especially Israeli merchants. ▪ Weak capacities and competences in the areas of policies, policy impact assessment, planning and monitoring and evaluation. ▪ Lacking a national umbrella for comprehensive planning and supervision of the agricultural sector as well as weak participation in the decision making process. ▪ Weak systems of service delivery, provision of production inputs. ▪ Inadequate awareness of the significant initiative taking approach in planning and administration. ▪ Weak system of agriculture related education. ▪ Weak activities and means of supporting innovation and distinction among farmers and other stakeholders.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Intensifying work efforts in "Area C". ▪ Increasing awareness around the world and amongst members of the donor community of the significance of supporting agricultural development. ▪ Palestinian agricultural products have access to Arab countries with an exemption from customs fees. ▪ Sympathy and support to Palestinians and State of Palestine and of the Holy Land products in external markets. ▪ Recognition of Palestine non member state at the United Nations. ▪ Commercial agreements concluded with states and Arab and international groups. ▪ Potential for agri tourism. ▪ The eruption of Arab Spring, the interrelated factors of poverty, hunger, food insecurity and unemployment in addition to the socio political factors. Agriculture has a vital role to positively affect. ▪ Sign an agreement to facilitate agricultural trade between the EU and Palestine. 	<ul style="list-style-type: none"> ▪ Israeli reactions that aim to dismantle the plan of ending the occupation and establishing the Palestinian State as well as to undermine the security and political situations. ▪ Continued isolation between the West Bank and Gaza. ▪ Continued policies of land confiscation, seizure of water sources, Wall construction, settlement activity and division of the Palestinian territory into Areas ▪ Limited budgetary appropriations for the agricultural sector. ▪ Lack of plans and regulations on land use. ▪ Flooding the local market with Israelis' and settlements' products; restricted movement of individuals, services and commerce. ▪ High costs of inputs. ▪ Increased and recurrent years of drought.

Source: MoA, 2013

Appendix 5 Toolbox

This toolbox includes tools for **stakeholder analysis** and **facilitating multi-stakeholder partnerships**. The toolbox also includes a draft **PO Assessment Tool**.

Complementary tools for implementing the Incl. FAS Programme Components are:

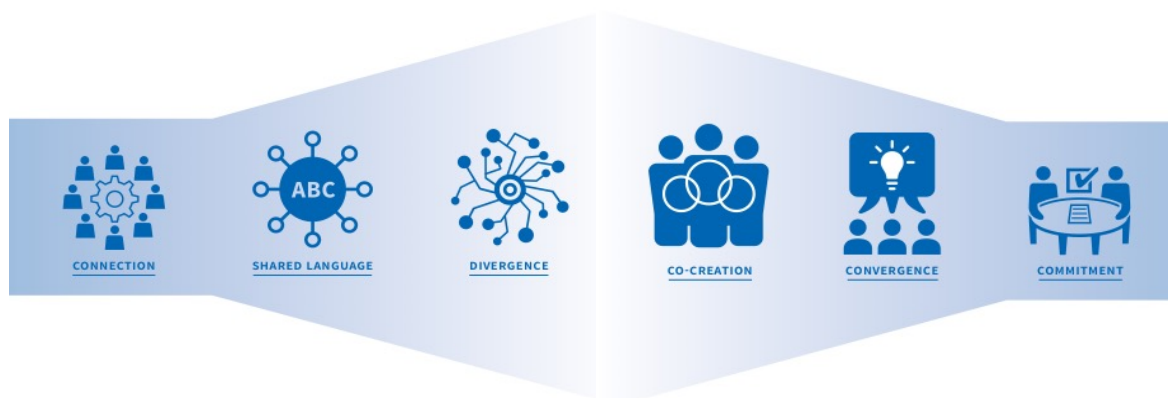
- Value chain and market analysis tools;
- Models for cost-benefit analysis for producers, producer organisations, MSMEs, CBOs;
- Business planning models for Agri-businesses and MSMEs.

Tools for stakeholder analysis

On October 6, 2015, the Centre of Development Innovation (CDI), of Wageningen University & Research Centre has launched the new book, 'The MSP Guide: How to Design and Facilitate Multi-Stakeholder Partnerships'.

The guide links the underlying rationale for multi-stakeholder partnerships, with a clear four phase process model, a set of seven core principles, key ideas for facilitation and 60 participatory tools for analysis, planning and decision making. Many of the tools are useful for stakeholder analysis (e.g. <http://www.mspguide.org/tool/stakeholder-identification>). Many of the tools can therefore be used to support deciding together on the right composition of e.g. the PMTU, or project implementation teams.

Check for an overview of tools or for downloading the complete guide: www.MSPguide.org



Draft PO Assessment Tool

On governance

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Organisational operation	<ul style="list-style-type: none"> - Legal recognition / registration - Member registration - Organizational records - Affiliation with Union/Federation/Umbrella 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Internal communication and democracy	<ul style="list-style-type: none"> - General assemblies and meetings held? - Elections and leaders' respect of role and mandate - Member needs and satisfaction assessments held? - Internal communication: are all members well informed? - Grievances and conflict management 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Member control	<ul style="list-style-type: none"> - Motivation for farmers to organize themselves - Members deciding on orientations, activities and where the money is spent 	<ul style="list-style-type: none"> - - ... 	<ul style="list-style-type: none"> - -
Autonomous decision making	<ul style="list-style-type: none"> - Level of government and NGO/donor influence over the PO's orientations and decisions - Relations with Union/Federation/Umbrella 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> -
Financial autonomy	<ul style="list-style-type: none"> - Internal resource mobilization; - Level of dependency on external donors; Can FO do without? - Capacity for the PO to generate income to finance its operations? 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -

On planning and implementation of collective action

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Planning	- Availability and quality of planning documents (strategic, action and business plans)	-	-
	- Is planning SMART?	-	-
Level of implementation and M&E	- Effective implementation of plans and decisions	-	-
	- Ongoing monitoring of implementation and timely correction	-	-
	- Evaluation of implementation level and results obtained	-	-
Financial management	- Proper record keeping	-	-
	- Audited accounts	-	-
Staffing	- Staff availability	-	-
	- Staff qualification	-	-
	- Regular staff training	-	-
	- Competitive staff recruitment	-	-
Linkage with supply	- Relations with suppliers (different production factors)	-	-
	- Evidence of collective procurement	-	-
Market linkages	- Members willingness to supply produce to the PO	-	-
	- Evidence of collective marketing efforts	-	-
Linkages with financial service providers	- Relations with banks; insurance companies; MFI's	-	-
	- Evidence of efforts to improve members' access to financial services	-	-

On member benefits, resulting from PO's collective action

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Access to production factors	- Better access to production factors and inputs	-	-
	- Improved quality and affordability of inputs	-	-
	- Access to collective land	-	-
Access to finance	- Input financing more available	-	-
	- More working capital for purchase of members' produce	-	-
	-	-	-
Improved farming practices	- Access to quality and affordable extension services;	-	-
	- Operational Farmer field schools, demo plots	-	-
	- Farmer specialists/trainers of other farmers	-	-
Post-harvest value addition	- PO post-harvest activities (storage, processing, ...)	-	-
	- Investing in and development of value addition activities	-	-
Improved marketing and sales	- Market prospection and information services	-	-
	- Relations with buyers established	-	-
	- Improved bargaining position	-	-
	- Access to market logistics; transportation; further market development	-	-
Dividend to members	- Part of PO profit shared with members in form of dividend	-	-
	-	-	-
	-	-	-
Reinvestment of profit in FO activities and assets	- FP earnings reinvested in PO activities and assets	-	-
	- Increased own capital of PO	-	-
	- Increased value of member shares	-	-
	- Further development of PO activities	-	-

On contribution to Food Security in Palestine

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Food supply variability	-	- - -	- - -
Production for local/national market	-	- - -	- - -
Percentage of production exported	-	- - -	- - -
Understanding of the value chain	-	- - -	- - -
	-	- - -	- - -
	-	- - -	- - -
	-	- - -	- - -

This first draft tool is not complete as yet and especially needs to be complemented with a business approach assessment sheet.



Appendix 6 Terms of Reference

Inclusive Access to and Sustainable Management of Land and Water Resources

Section 1. Food and Agribusiness Security in Palestine

Introduction to this Terms of Reference

Within the new Inclusive Food and Agribusiness Security programme, the NRO will have a continued focus on access to land and water for agricultural production. Additional attention will be on following-up on the agricultural developments and profitability assessment in reclaimed and rehabilitated lands, during the earlier Food Security Programme, as well as their sustainable management. Also assessing the impact of increased water availability for agricultural production will be addressed in the new ToR. This Terms of Reference on Inclusive Access to and Sustainable Management of Land and Water Resources aims at receiving innovative propositions to renew the current leading development role of the Netherlands Representative Office (NRO) in enhancing Food and Agribusiness Security in the occupied Palestine Territories in both the West Bank and the Gaza Strip.

Towards Food and Agribusiness Security in the occupied Palestinian Territories

The report "*Groen, D. van and Koopmanschap, E.M.J (2015). Drivers of Growth; A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories. Centre for Development Innovation, Wageningen UR (University & Research). Report CDI-16-006. Wageningen*" justified the gradual shift from Food and Nutrition Security to Inclusive Food and Agribusiness Security. Especially because Food and Nutrition Security is not just a status or a condition, it is an on-going, dynamic complex of human development processes involving financial expenditures and economic investments in at least four sectors of society: Agriculture, Education, Health and Social Protection (IFPRI, 2014). This implies that Food and Nutrition Security is intrinsically tied to the economies at the various strata or economic levels of society: at household, community/village, region, country and even global level. Therefore, Food and Nutrition Security is embedded in a complex system of (economic) supply and demand processes and impacted by the development and growth of these economies through financial, social and human capital investments.

The new Food and Agribusiness Security Strategy of the NRO offers therefore a more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments. In this way NRO's Inclusive Food and Agribusiness Security strategy offers systemic support to the development of (i) agri- and food business, from micro and small to industrial levels; on the basis of (ii) resilient and sustainable livelihood and business conditions in an (iii) enabling market, services, regulatory and institutional environment.

The systemic and multi-stakeholder development strategy and programme aim to strengthen the on-going Dutch involvement in Agriculture and Food Security, together with many other development partners, in the occupied Palestine Territories. The proposed strategy and programme is to be integrated into the next Multi-Annual Strategic Plan (MASP 2017-2020) of the Netherlands Representative Office (NRO) in Ramallah.

Land and water are the primary ecological inputs in agriculture and food production and the entangled management practices of these resources requires an integrated approach in implementation. Moreover, soil protection and soil fertility, water harvesting and conservation, irrigation technologies etc. are not only important domains of technological innovation but also of social innovation through producers' and users' associations (whether cooperatives or unions) in which the application of production and marketing planning, or in other words, business planning, needs to prevail. *Incl. FAS development entails investing in the continuum running from 'subsistence driven' to 'market driven'*

productivity. Given the complex realities and multi-stakeholder nature of Incl. FAS in the oPT, the identified Incl. FAS programme focuses on development investments particularly aiming at:

- Increased efficiency of water and land use;
- Continued up-scaling of production organisations and intensified sustainable productivity and profitability.

The Inclusive Food and Agribusiness Security Strategy and Programme in two components

The Inclusive Food and Agribusiness Security (Incl. FAS) Programme is fully compatible with the Multi-Annual Strategic Plan (MASP) 2014 – 2017 of the Netherlands Representative Office (NRO) of the Palestinian Territories (PT) as described earlier above. In order to realise outcomes and outputs within the framework of the Incl. FAS Strategy and its Programme, the NRO has developed two ‘lines of implementation’ of the programme referred to as programme components:

- **Inclusive Access to and Sustainable Management of Land and Water Resources;**
- **Reform and development of Markets, Value Chains and Producers’ Organisations.**

Where possible, linkages for effective cooperation with other donor involved in Food Security programmes will be explored and established, using existing donor coordination mechanisms such as the Agricultural Sector Working Group and the Food Security Sector which includes more than 45 actors in the sector. Three specific points of attention are of importance when developing proposal to achieve objectives: 1. The assessment of which problems need to be addressed, how these could best be addressed, who could do this and how to combine capacity; 2. To outline which networks and actors are involved in this and what creates an enabling environment for activities; 3. To take into account how upscaling could be addressed best regarding suggested activities and ensure the enabling environment is most supportive. This approach has also been used during the formulation of the ToR. Regarding the design of the new Incl. FAS programme components, following point have been guiding:

- The new Food and Agribusiness Security Strategy of the NRO uses a much more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments;
- Based on the strategic plan for Inclusive Food & Agribusiness Security (Incl. FAS), further analysis of outcomes of past and on-going Food Security projects in the oPT, financed and implemented by the NRO and many other donors and development agencies, clearly indicate the need for more integral and inclusive development intervention and investment strategy. These interventions should address, positive, but at the same time, some of the negative impacts and implications of increased agricultural and food production and agribusiness, involving an ever increasing diversity and number of stakeholders and value chains;
- There is a wide spectre of concrete implications generated by the outcomes and impacts of previous projects which include agro-ecological, technological, socio-economical and socio-organisational challenges and needs that are to be addressed by the proposed Incl. FAS programme. Besides improved management of the basic Food and Agribusiness resources of land, soil and water, challenges concerning sustainable productivity, profitability and marketing are paramount in virtually all participating groups and POs of men and women;
- Specifically, the impact of ‘increased and improved production’ is creating benefits but also serious challenges, not in the last place at levels of the so-called ‘project beneficiaries’ of previous and ongoing programmes. As a consequence, the new programme components will continue to work – but not exclusively - with existing beneficiary groups and organisations that are now gradually ‘discovering’ the implications of improved production and other outcomes of their participation in the implemented development activities;
- Typical overarching challenges that are generated by ‘increased and improved production’ are the need for increased professionalization as well as increased investments in the Food and Agribusiness sector, which fuels even further the existing need for innovation and R&D in virtually all stages in a wide variety of food and agriculture value chains;

- Consequently, a sector-wide call for reliable and appropriate information, advice, knowledge and investment finance is becoming increasingly louder, not only for the sake of professional decision-making on technical innovation in the various stages of supply, production and value chains but surely also in the domains of efficient organisation and economic and business management. This need for support to appropriate decision-making by entrepreneurs, producers' organisations of men and women alike, is but one integral and common dimension of the two programme components of this Incl. FAS programme;
- The professionalization of all actors in the main food and agriculture value chains addresses challenges and needs for improvement of not only technical and managerial competences by producers and producers organisations alike, but also challenges and needs for economic up-scaling, efficiency and quality assurance in market-based supply and demand. Inclusive Markets are part and parcel of the Incl. FAS strategy objectives;
- The programme aims to enhance the above mentioned trends (innovation, professionalization and competent advisory services) by participatory on-farm piloting and experimentation that systematically put producer ideas, innovation needs and objectives in the centre of the piloting and learning, while farmer-to-farmer communication, exchanges and networking, through operational POs such as cooperatives and crop councils, will make the generated information and knowledge available to a wider peer group;
- By consequence, next to provision of services, the need to increase membership competence and capacities is to become another 'core-business' of operational POs and its leadership, requiring PO reforms and developments that are at the core of Incl. FAS;
- Moreover, it becomes increasingly apparent that investments in development of Incl. FAS cannot only depend on donor funds and that a much wider variety of financing institutions, funding sources and financial services need to be mobilised (and created or adapted to needs, where appropriate) and made accessible to the various groups of Incl. FAS stakeholders. In principle, sustained Incl. FAS depends on gradual economic growth and thus on financial investments with short term and long term capital that is to be provided by professional institutions such as MFIs, Saving and Credit Banks, Development Banks, Agricultural and Commercial Banks, specialised Capital Investment Funds, etc. Indeed, Inclusive Finance is part and parcel of the Incl. FAS strategy objectives;
- There is an apparent need for multi-stakeholder partnerships, including partners in business, research, development and innovation. The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnership is an on-going process enhanced by the 'discovery' of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined);
- The programme should give special attention to the opportunities in the local market in addition to the export market, i.e. contributing to a more balanced agri-food trade in the West Bank and Gaza Strip. The producers and value chain actors could achieve this through -among others- better informed decision-making dynamics based on systematic market assessments, information flow and outreach mechanisms;
- The programme will have, where relevant, a decentralised approach and separate objectives and activities for West Bank and Gaza Strip.

Financial and economic sustainability of the two programme components

Activities in both programme components, in line with the MASP 2014-2017 will be driven by processes of human, social, ecological and technological innovation and investments in Incl. FAS. Although the NRO programme budget will finance key elements in these processes, impact of scale must *also and especially* come from funding and financing of innovation and investments by other stakeholders and sources, not in the last place by private and collective lending to producers' organisations and MSMEs by a variety of MFIs and Banks operating in the Palestinian Territories. Focus on the Private Sector in the new programme should go beyond the cooperation with Agribusiness companies and include financial institutions as for both components there is a clear need for the ***inclusive finance of investments*** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

As in the previous projects, the new programme will strengthen its inclusive finance approach through its co-financing system whereby ownership and sustainability of investments is co-financed by the investors' own resources, i.e. the (groups of) participating beneficiaries contribute by e.g. 20 -30 % cash contribution and/or other valued in kind contributions, depending the type of investment.

The programme, through its various specific objectives and activities, will generate many more business and investment opportunities and needs by POs, SMEs and other groups of participants and beneficiaries; these investment needs are to be addressed also by other financial sources than the Incl. FAS budget and the investors' own capital.

Furthermore, the co-financing of political sensitive development actions and investments by a group or consortium of donors and development agencies, is expected to increase the investment sustainability and impacts.

Moreover, experiences in previous programmes also showed that the new Incl. FAS programme needs to make co-financing an explicit funding strategy of its various activities and investments. Here we distinguish:

- a. Co-financing of productive investments by programme participants and beneficiaries;
- b. Co-financing of programme activities through strategic partnerships with other development agencies and possibly other donors.

Ad a. In co-financing by groups and individuals we distinguish co-financing in *cash* from *in-kind* contributions to the project activities. With farmers and families involved in water and land reclamation activities this is already a common and established practice in the on-going projects.

Farmers in rain-fed production systems reported that their 20% contribution to the cost of land reclamation can be earned back in 2 – 3 years from revenues of sales from intercropping (e.g. sesame, beans) until the main crop (e.g. grapes, olives) comes into production.

Considering this kind of contributions rather a *medium* or *even long-term* investment, co-financing 40% of the land and water investment is more realistic and feasible.

Moreover, regarding productive investments in the Value Chain development, be it in infrastructure, technology and equipment for primary production, post harvest handling or storage and marketing, the co-financing share of investment costs should be calculated on the basis of the obligatory feasibility study and business and investment plan concerned.

Ad b. With co-financing by strategic partnerships, multiple goals and impacts can be reached in direct support of the Incl. FAS programme; here we mention explicitly:

- Increasing the number of planned activities (more of the same) through the effect of reduced own spending per activity and/or additional spending through supplementary financing and resource allocation by the partners in strategic partnership concerned;
- Strengthening the Incl. FAS strategy by the implementation of new supplementary activities and investments, not only in Value Chain development but also in food and non-food MSME development;
- Multi-donor financing of 'sensitive' investments in land and water will enhance diplomatic and political collaboration by parties concerned that are also involved in negotiating and supporting peaceful relations.

Section 2. Programme Component of Inclusive access to and sustainable management of land and water resources

Introduction

Many land and water activities have been conducted in the occupied Palestinian territories since the end of the 1990s with Dutch support. Activities aimed at improving food security, reducing poverty and providing job opportunities to Palestinians in rural communities in the West Bank and Gaza Strip. Activities mainly included the establishment of agricultural roads, the construction of cisterns, the installation of irrigation networks, reclamation of land including levelling and building retaining walls and the plantation of seedlings. Few activities focussed on restoring the fertility of degraded lands.

This Terms of Reference on Inclusive Access to and Sustainable Management of Land and Water Resources aims to provide the Netherlands Representative Office (NRO) in the occupied Palestine Territories an innovative proposition to renew their current leading development role in enhancing Food and Agribusiness Security in both the West Bank and the Gaza Strip. The NRO will have a continued focus on access to land and water for agricultural production within the new Inclusive Food and Agribusiness Security programme. Additional attention will be on following-up on the agricultural developments and profitability assessment in reclaimed and rehabilitated lands and on the impact of increased water availability for agricultural production.

Rationale

Few points of reference as mentioned below have been applied in earlier projects already and remain of importance. Few questions in need of further explanation are added to the overview.

1. Access to land and water resources remains a highly sensitive and highly political issue. Increasing land reclamation activities remains important as increasing access to land supports the decreasing land censorship;
2. Land reclamation and rehabilitation activities will be enhanced through supporting community level interventions, i.e. focusing on establishing or rehabilitating agricultural roads. This will in turn facilitate the access of farmers to their lands and enhance their capacities to do the reclamation of their lands. When farmers/communities are able to contribute, between 10% and 40% in-cash *and* in-kind contribution will be required (depending on the situation);
3. Land reclamation activities performed have increased agricultural area and agricultural production, but implications of 'new land' for producers, producer organisations, on-farm cropping systems and soil fertility as well as marketing and market organisation need to be assessed;
4. Water activities included establishment of water reservoirs (at community level) to store groundwater for agricultural use. It enabled the shift from a 'water-available-for-few-hours-per-day' system to a 'water-available-according-to crop-demand' system, resulting in more targeted irrigation. Developing and improving irrigation systems according to water demand remains important. Implications of 'new water' for producers, producer organisations, on-farm cropping systems and soil fertility as well as marketing and market organisation need to be assessed;
5. Many producers mention to require guidance in crop strategizing based on water and soil conditions; Soil analysis is necessary for farmers to balance crop selection, irrigation techniques and soil fertility management, but current soil analysis institutes in Palestine are not trusted; More cooperation is needed between producers, government and knowledge institutes;
6. Producers and their organisations need advise in crop selection based on the assessment agricultural water demands and soil analysis data;
7. Water resources are available for agriculture, but these resources are limited and fresh water resources are increasingly saline (especially in Gaza, Jordan Valley and Jericho); Mobile desalinisation units for Gaza are recommended;
8. Rainwater harvesting activities have been performed so far at micro scale and were in the form of small individual cisterns. Groundwater storage ponds (steel water tanks) are carried out at small scale (figures below) and are essential to better address crop water demands. Establishing steel water tanks at larger scale require, due to the scale of the intervention, public-private partnerships. Other water interventions include the pumping of rainwater back into the aquifer.

Water intervention	Location
Cisterns established (around 50 to 60 or 16,167.5 m ³)	Many different location in PT
1,000 m ³ steel water tanks established	In: Attil(1), Jbarah(1), Jayyous(1), Izbet Shoufa(1), Alnazleh Alsharqiyeh(1), Izbet Jaloud(1)
1,000 m ³ steel water tanks planned (to be completed by April 2016)	In: Jayyous(1)
500 m ³ steel water tanks established	In: Nassaryia (2)
500 m ³ steel water tanks planned (to be completed by June 2016)	In: Beit Hassan (2), Alaqrabaniya (1)
Rehabilitation of 25,000 m ³ pond	Al-Aroub Roman (1)
2 aquifer recharging wells	

1. More cooperation among water users and water stakeholders is essential to address agricultural water demand more accurately. More cooperation is also essential, especially in Gaza, to address the sustainability of the aquifer;
2. Cooperation requires however, as far as political boundaries allow, a river basin/watershed/catchment approach, by definition a transboundary approach in case of international basins; The Joint Water Committee (JWC), set up as result of the Oslo Agreements, should play a possibly more active role regarding water management issues of a transboundary nature (Note: The JWC decides on water quota in WB and GS; another point of attention is Palestinian waste water that is treated and reused for cotton production);
3. Enhancing agricultural water supplies could be done through utilising new water resources such as treated wastewater and brackish water sources but needs further analysis;
4. Renewable energy sources for agricultural production requires further attention.

There is a clear need for **establishing multi-stakeholder partnerships**, including partners in business, research, development and innovation.

The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnerships is an on-going process enhanced by the 'discovery' of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined). The programme will set up a number of collaborative pilots, at farm, at PO, at enterprise level and at value chain level and are linked to the specific objectives of both programme components. Also, the on-going pilots need to be evaluated on outcomes (contents), research methodology and partnership design, and lessons learned are to be integrated in the pilot designs.

For both Incl. FAS components selected for implementation there is a clear need for the **inclusive finance of investments** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

Beneficiaries and participants

In principle, beneficiaries and stakeholders to be involved in the various activities concerning this *Inclusive Access to and Sustainable Management of Land and Water Resources* Component are to be selected from the lists of participants in the previous programmes (as the component builds on previous investments and outcomes). This is especially important for beneficiaries and stakeholders like Producer Organisations (whether producer groups, producers' cooperatives, *women cooperatives*, unions, associations or federations) and Water Users Associations. Farmers and farming families involved in the previous water and land reclamation activities will be main beneficiaries and/or participants in *Sustainable Management of Land and Water* activities (including soil improvement pilots). New groups of Agricultural Producers, including small holders, form an important target group as *Access to Land and Water Resources* will remain an important objective in this Incl. FAS Component.

Regarding the pilots proposed, e.g. in Integrated Pest Management (IPM) or in Integrated Soil Fertility Management (ISFM), new (groups of) programme participants and beneficiaries may emerge. These pilots are composed of relevant stakeholders (partners) who constitute 'learning platforms' or 'learning

spaces' (See also the *Reform and Development of Markets, Value Chains and Producers' Organisations* component):

- a. Most pilots require collaboration of (small groups of) relevant partners, in one flexible combination or another which of course depends on the subject and objectives of the pilot and subsequently on the contributions expected by the stakeholders concerned;
- b. Most probable partners are POs, Agricultural Universities or Agricultural Faculties /Departments, Agricultural Research Institutions, specialised NGOs, private sector companies and Business Associations, Donor and development agencies, relevant governmental and semi-governmental services;
- c. Especially in Gaza, the identification, design and implementation of new pilot activities related to IPM in urban agriculture will also generate new (groups of) programme participants and beneficiaries.

All proposed investment activities will be subject of a financial and economic sustainability assessment.

In summary, Beneficiaries and Participants for this component include:

- (Groups of) Palestinian agricultural producers (including small holders) involved in the previous water and land reclamation activities;
- Leaders and members of existing Producer organisations (whether producer groups, cooperatives, unions, associations, federations or crop councils) with a specific focus on the involvement of Women Cooperatives and their leaders and members;
- Producers, who are member of Water Users Associations (WUAs), WUA board members and other water actors;
- Strategic partnerships of relevant governmental, non-governmental, private sector (which includes producers and their organisations) and academic stakeholders (e.g. in learning platforms around pilot studies).

Section 3. Component objectives and activities

Overall component objective

Palestinian agricultural producers, including smallholders, and their organisations, including women cooperatives, have improved access to and support the sustainable access to and management of land and water resources for food production in the Palestinian Territories.

Note: All objectives and activities below require, as much as possible, the involvement and empowerment of women or rural women cooperatives.

Specific objectives and proposed programme activities

1. Improving inclusive access to and sustainable management of land resources and improved production of existing agricultural lands;
 - 1.1. Increasing availability of land resources for food production by continuing the land reclamation process by bringing more agricultural lands into production to avoid land confiscation in case of non-use of the land by construction of agricultural roads, land levelling, removal of heavy rocks and construction of common terraces for road support initiated by *a consortium of donors together with stakeholders*; (NRO to check final numbers);
 - 1.1.1. At least 300 km of new agricultural roads in the West Bank to support access to land for the community as a whole;
 - 1.1.2. At least 30,000 dunum of lands are better accessible to farmers in de West Bank;
 - 1.1.3. At least 3,000 dunum of land reclaimed in the West Bank;
 - 1.1.4. At least 500 dunum of land rehabilitated in Gaza;

Note: This component will fund agricultural works that farmers themselves cannot take up such as heavy infrastructure land development work (construction of agricultural roads, land levelling, removal heavy rocks, construction of common terraces to support roads), while the works that farmers can do themselves are to be implemented and financed (if applicable) by the farmers themselves.
Prerequisites: land is already in farmers' possession and farmers need to contribute 20% (heavy reconstruction) of the costs of reclamation activities and 30% of the rehabilitation costs (light reconstruction activities) themselves.

1.2. Improving production of existing agricultural lands by assessing the implications of 'new land' (through NRO's earlier land reclamation and rehabilitation projects) for producers and producer organisations (including women cooperatives) regarding on-farm cropping systems, pest management and soil fertility as well as market organisation and marketing;

Note: The assessment, depending on the outcome, needs follow up e.g. in terms of objective 4 or through the Reform and Development of Markets, Value Chains and Producers' Organisations component (regarding market organisation, marketing, value chain or PO development issues).

1.3. Creating an enabling environment for land development and agribusiness opportunities by opening and increasing access to existing agricultural roads in West Bank and Gaza Strip by a consortium of donors and stakeholders;

1.4. Creating an enabling environment for land development and agribusiness opportunities by facilitating access to land especially in the buffer zone in GS by a consortium of donors and stakeholders;

1.5. Creating an enabling environment for agribusiness opportunities by a consortium of donors by contributing to the reduction of blockage and restrictions by Israel, especially at border crossing Beit Hanoun – Erez;

2. Improving inclusive access to and sustainable management of water resources and improving production of existing agricultural lands;

2.1. Increased availability of water resources by:

2.1.1. Constructing at least 20 water reservoirs with a capacity of 500 to 1000 m³;

2.1.2. Rehabilitation of 4 to 6 wells, including the lobbying to obtain the necessary permits;

2.1.3. Running pilots financed by a consortium of donors supporting the establishment of small-scale rainwater harvesting facilities in areas prone to flooding by storm water;

2.1.4. Rehabilitation of the water system in Khuza'a (East Khan Yunis) in the Gaza Strip;

Note: This requires involvement of an international partner, because of the border issues. This requires more work in negotiation with Israel.

2.2. At least one large scale rain water harvesting pond or dam (possibly also serving aquifer recharging) with a capacity of at least 50,000 m³ carried out by a consortium of donors and stakeholders;

2.3. Improving production of existing agricultural lands by assessing the implications of 'new water' (through NRO's earlier water projects) for producers and producer organisations (including women cooperatives) regarding on-farm cropping systems and soil fertility as well as market organisation and marketing;

2.4. Based on the outcome of 2.2: Optimising irrigation water use in irrigated areas by running pilots on improving irrigation infrastructure and its capacity in transferring, distributing and storing irrigation water to agricultural lands.

Note: As such the pilots also support the storage of excessive (storm)water in the winter season as such reducing flood damage and while supporting the replenishment of the aquifer.

3. Enhancing on-farm water use efficiency and water productivity

3.1. Continuing human, social and financial investments in innovative irrigation technologies at farm level, *possibly* in combination with effective and efficient reuse of treated waste water (partly through the facilitation of learning spaces, see objective 6):

3.1.1. Increasing understanding of the importance of water use efficiency by farmers and their organisations;

3.1.2. Increasing use of improved irrigation technologies in open field and protected systems incl. well - and piping system management;

3.1.3. Increasing capacity in on-farm testing by farmers and their organisations in water-use efficiency and enhanced capacity in calculating on-farm water demand in business planning;

3.1.4. Enabling the use of treated waste water on-farm to assess its financial and economic sustainability by establishing pilots on using treated waste water on-farm, including a monitoring and evaluation scheme for the use of treated waste water by a consortium of donors and stakeholders;

3.1.5. Assessing the use of treated waste water on-farm in terms of consumer acceptance;

3.1.6. Assessing the use of treated waste water on-farm regarding crop strategising (link with *Reform and Development of Markets, Value Chains and Producers' Organisations* component).

Note: Assessments on use of treated waste water on-farm needs to provide insight in financial and economic sustainability, as well as insight in marketing consequences.

4. Enhancing on-farm Integrated Soil Fertility Management (ISFM) and Soil Productivity and Integrated Pest Management (IPM) and Plant Productivity

4.1. Improving on-farm ISFM and IPM techniques by designing and putting in place a comprehensive pilot and on-farm application of combined IPM and ISFM technology and practices;

4.1.1. Increased understanding of the importance of soil protection (including soil water protection) for increased agricultural production by farmers and their organisations;

4.1.2. Increased understanding on the impact of the use of agricultural pollutants (e.g. used and waste sheep dip, pesticide washings, solvents, mineral oil, diesel, sewage, trade effluent, certain biocides) on food safety;

4.1.3. Increased understanding and skills in ISFM (including anti-erosion technology), by building capacity in e.g. agro-forestry, improved fruit tree management, inter-cropping, green manure application and soil cover interventions).

Ad 4.1) Proposed programme activities: This could start with the development of a curriculum for a training of trainers for Producer Organisations (also the 'established' learning spaces could be applied). Additionally, POs can continue to train their members.

4.2. Improving the opportunities for soil analysis for producers by enhancing the cooperation between producers, knowledge institutes, governments and the private sector;

4.3. Adapting to climate change by assessing Climate Smart Agriculture principles and practices as well as enhancing the adoption of Climate Smart Agriculture principles and practices.

Note: Also the development of an *integrated seed sector programme* could be considered, which could be funded through the programme, by another donor or a consortium of donors and stakeholders.

5. Improving Collective Water Resources Management by water users

5.1. Enhancing the support to organisation and business development in existing and new collective water committees (including e.g. water user associations) on technical management and financial management (including e.g. calculating the real cost of water and establishing a fair selling price of water to farmers and for domestic use);

5.2. Improving Integrated Water Resources Management by establishing a regional multi-stakeholder watershed management pilot.

Ad 5.2) Proposed programme activities:

- Identify a possible basin, watershed or catchment and carry out a stakeholder analysis for a pilot scheme;
- Introduction of a basin (or a landscape) approach to support integrated water resources management ;
- Test the introduction of more participatory basin management structures (e.g. using the example of the Dutch water boards) by establishing a multi-stakeholder platform, of 'water' stakeholders, which suggests and proposes innovative reforms on collective water management to national and regional authorities, but at the same time forms a platform for gathering lessons learnt for monitoring and enhancement.

6. Established Learning Spaces on the Adaptation to Climate Change to exchange knowledge, experiences, ideas and more.

Note: Facilitating forms of informal learning spaces by producer groups (cooperatives, MSMEs, based on the culturally embedded 'Jamaahya' model); A cooperative/producer organisation approach, focusing on the works and activities that serve the community as a whole in larger geographical areas rather than experimenting by individual farmers in their own lands. This means that the focus is on groups of farmers, organized under associations, cooperatives or at community/village level, rather than individual producers.

6.1. Established learning spaces on climate change resilience;

6.1.1. Improved exchange on the on-farm impacts of climate change;

6.2. Established learning spaces on water use efficiency and water productivity;

6.2.1. Improved exchange, organisation and management of existing and new water sources, water committees and ownership of wells;

6.3. Established learning spaces on ISFM and IPM;

6.3.1. Improved exchange on measures to increase soil fertility;

6.3.2. Improved exchange on measures to combat pests and diseases and to address the danger of using too many pesticides and fertilisers;

6.4. Established learning spaces on Collective Water Resources Management;

6.5. Established opportunities in the field for students to do research.

7. Improving institutional capacity of the PA for service delivery to the agricultural sector.

7.1. Supporting the sustainable development of the agriculture sector by coordinating with the government (such as MoA and other related bodies) in coherence with the Agricultural Sector Strategy "Shared Vision" and its Action Plan;

7.2. Enhancing and supporting consultations between the Palestinian Water Authority and relevant groups of stakeholders in water management and agricultural water use, by having;

7.2.1. Organisation and follow-up of specific objectives 5.1 and 5.2 on the exploration of a basin approach in support of enhanced integrated water resources management (pilot scheme).

8. Increased opportunities for electricity from renewable energy sources

8.1. Contribute to a more energy efficient Waste Water Treatment Plant by experimenting with thermophile anaerobic fermentation of primary and secondary sludge, as such increasing the production of biogas as additional energy source to operate the WWTP;

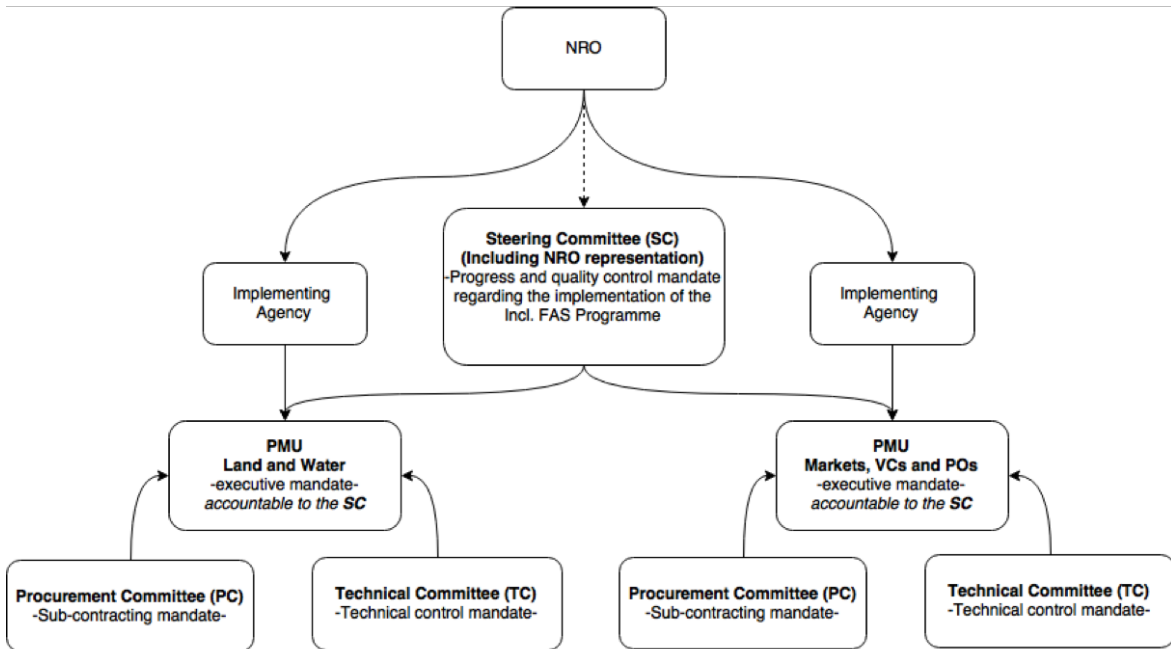
8.2. Contribute to the more energy efficient operation of water pumps by using solar energy.

Section 4. Programme Management and Monitoring & Evaluation

PMU structure and organisation

The mainframe of the current Programme Management Unit (PMU), is to be maintained for both Incl. FAS components of respectively 'Land, Soil and Water' and 'Markets, Value Chains & Producers' Organisations'.

Please see figure below.

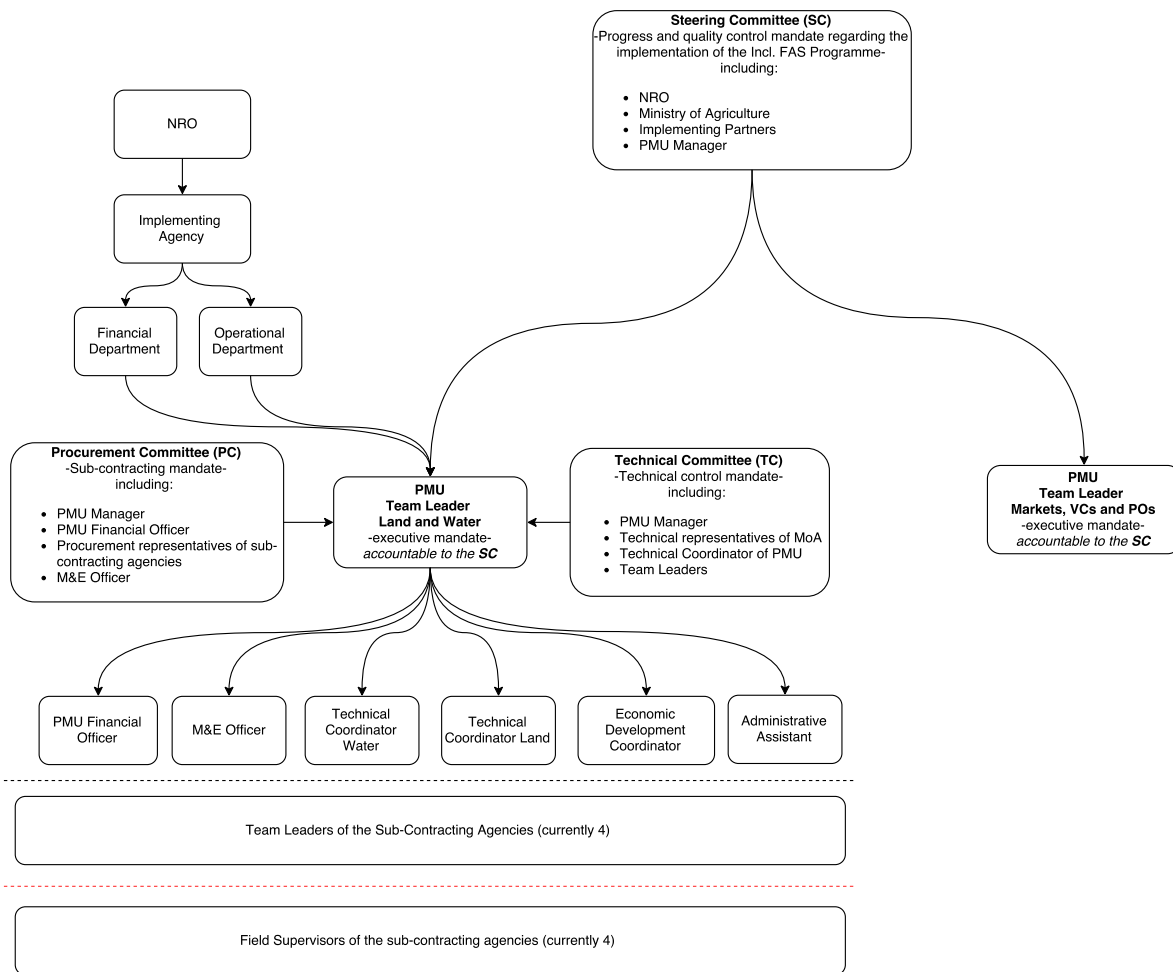


Based on on-going management and operational practices few improvements of the PMU organisational system have been made for the implementation of specific programme activities.

In fact, the PMU is a multidisciplinary team of professionals from various implementing organisations, responsible for the contracted programme implementation. Hence the new Incl. FAS programme will be implemented by two PMU teams, one for each programme component.

The PMU structure for the Incl. FAS Programme as a whole – as shown in the chart above – is composed of the operational team led by a programme component manager or team leader who is selected by the lead-contractor in conjunction with the NRO. This operational team is supported by two committees, respectively a Technical Committee (responsible for technical quality of the programme) and a Procurement Committee (responsible for purchases of equipment and services for the programme). The entire PMU is accountable to the Steering Committee (responsible for progress and quality control of programme strategy, implementation and executive M&E).

A more detailed PMU structure for the Inclusive Access and Sustainable Management of Land and Water Resources Component is provided in the figure below.



Clearer specification of tasks and mandates within the PMU will be necessary, to help to avoid misunderstanding and conflicts, but also increase operational efficiency by avoiding duplications in duties, task performance and other resource usage. Consequently, this clarification can best be done at the time of the Contribution Agreement process initiation, organised and directed by the NRO, involving the invited interested implementing organisations.

Main subjects of clarification during the Contribution Agreement talks and negotiations are:

- Mandates and composition of the three Committees;
- Role of lead-contractor and its relations with sub-contractors;
- Role and job description of the assigned team leader;
- Job descriptions of the other PMU and sub-contracting staff;
- Basic guidelines and possibly protocols for the internal PMU organisation and conflict handling.

Organisation of executive Monitoring & Evaluation

First activity after finalising the Contribution Agreement process, the NRO, the selected and recruited PMU staff and Committee members will hold a workshop to design and elaborate the adapted and comprehensive system for executive M&E of the component. This design workshop will decide on all the operational parts of an M&E system, including:

- Prime users and destinations of the Incl. FAS programme M&E information and outcome and their information needs regarding the programmes;
- Formulation of clear M&E purpose and objectives which are in line with users' needs and programme specific objectives and core activities;

-
- Efficient M&E methods and lean tools, for both information gathering and analysis of gathered information; design of tool contents – nature and quantity of information - will be component specific and in line with the nature of the programme activities to be monitored;
 - Critical choices of primary M&E information providers/producers;
 - Attention for M&E integration into the two programme components where possible; avoiding duplication and redundancy in information gathering;
 - One professional M&E officer (M/F) for both programme components, thus creating a transparent link between programme execution and outcomes by the two PMU teams.

Contracting local implementing organisations

In previous and on-going Food Security projects of the NRO, many partners have proven to be highly competent in providing development services in various domains of socio-economic and technical development intervention as required for the Incl. FAS Programme.

This implies that the NRO can rely increasingly on available competent partners, whereby, when needed, additional specific experiences and knowledge can be included through hiring occasionally external expertise in support of the implementation of the proposed Incl. FAS programme activities.

To initiate the implementation of the Incl. FAS programme by the two PMU teams, the NRO will start a Contribution Agreement procedure. With reference to the programme component TORs, a selected number of interested parties will be invited to prepare and negotiate a proposal for implementation of the programme component concerned.

Based on on-going experiences, the estimated overhead costs for the implementation of the two programme components are not identical and should be in line with expected requirements of human and other resources, depending the nature of the planned interventions.

As to be decided during the Contribution Agreement process, the acceptable overhead costs for the 'Land, Soil and Water' component will be lower than for the 'Markets, Value Chain and Producers' Organisations' component. The latter expectantly requiring much more human resources, its overhead can be limited at maximum 30% of its budget provisions, while the former component can be limited at maximum 20%.

Evaluation criteria for implementing organisations

Invited parties that express interest to lead and/or participate in one of the programme components, are to be evaluated and selected by the NRO and the PMU Steering Committee according to the following criteria:

Evaluation criteria:	Score:
On experience Palestine:	
▪ To have at least 5 years experience in the Palestinian context;	5 pt
On technical capacity and experience:	
▪ To have at least 10 years trans-sectoral experience in the professional and technical content of the component;	10 pt
On organisation capacity and values:	
▪ To have traceable experience in multi-stakeholder cooperation	5 pt
▪ To have the competence to build consensus;	5pt
▪ To have the ability to connect and collaborate with both the PA public sector and the Palestinian and international private sector;	5 pt
▪ To act according to high standards in transparency and accountability;	10 pt
▪ To be able to mainstream gender issues;	3 pt
▪ To be able to hire and manage human resources for the key positions in the project;	3 pt
▪ To have the ability and flexibility, to hire additional external human resources;	3 pt
On financial capacity:	
▪ To have a traceable financial turn-over(2013-2015) that justifies the implementation of attributed activities of the component;	5 pt
▪ To be able to administer both financial and in-kind contributions of producers and producer organisations;	3 pt
▪ To be able to collect co-financing contributions of producers or producer organisations;	3 pt
On administrative and logistic facilities:	
▪ To have administrative and logistic facilities available to run the activities according to the regulations of the NRO;	10 pt
Specific criteria for the Inclusive Access to and Sustainable Management of Land and Water Resources component of the Incl. FAS programme:	
▪ To have relevant and traceable technical competences regarding access to and management of land and water resources; as well as economic competences in cost-effective operations on the ground.	5 pt
▪ To have proven capacity to effectively communicate and build consensus with local authorities (Municipalities, village councils..etc) in the context of community based agriculture interventions	5 pt
	5 pt

Furthermore, the implementing agency and its sub-contractors:

- Fully agrees with NRO's Inclusive Food and Agribusiness Security Strategy;
- Fully agrees with NRO's financial and budget regulations;
- Is expected to take the project as a business development project rather than a humanitarian intervention;
- Endorses the autonomy of producers' organisations and other Incl. FAS participants.

Appendix 7 Terms of Reference

Reform and Development of Markets, Value Chains and Producers' Organisations

Section 1. Food and Agribusiness Security in Palestine

Introduction to this Terms of Reference

Within the new Inclusive Food and Agribusiness Security programme, the NRO will have a continued focus on the development of markets, value chains and producers' organisations for agricultural and food production. As explained further in chapter 1.3, this focus reflects the need to respond to increased needs of professionalisation by all stakeholders in Food and Agricultural supply and value chains which are generated by outcomes and impact of previous Food Security projects. Proposed objectives and activities in this ToR also concern stakeholders in the ToR of *the Inclusive Access to and Sustainable Management of Land, Soil and Water* component.

This Terms of Reference on Development and Reform of Markets, Value Chains and Producers' Organisations aims at receiving innovative propositions to renew and strengthen the current leading development role of the Netherlands Representative Office (NRO) in enhancing Food and Agribusiness Security in the occupied Palestine Territories in both the West Bank and the Gaza Strip.

Towards Food and Agribusiness Security in the occupied Palestinian Territories

The report "*Groen, D. van and Koopmanschap, E.M.J (2015). Drivers of Growth: A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories. Centre for Development Innovation, Wageningen UR (University & Research). Report CDI-16-006. Wageningen*" justified the gradual shift from Food and Nutrition Security to Inclusive Food and Agribusiness Security. Especially because Food and Nutrition Security is not just a status or a condition, it is an on-going, dynamic complex of human development processes involving financial expenditures and economic investments in at least four sectors of society: Agriculture, Education, Health and Social Protection (IFPRI, 2014). This implies that Food and Nutrition Security is intrinsically tied to the economies at the various strata or economic levels of society: at household, community/village, region, country and even global level. Therefore, Food and Nutrition Security is embedded in a complex system of (economic) supply and demand processes and impacted by the development and growth of these economies through financial, social and human capital investments.

The new Food and Agribusiness Security Strategy of the NRO offers therefore a more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments. In this way NRO's Inclusive Food and Agribusiness Security strategy offers systemic support to the development of (i) agri- and food business, from micro and small to industrial levels; on the basis of (ii) resilient and sustainable livelihood and business conditions in an (iii) enabling market, services, regulatory and institutional environment.

The systemic and multi-stakeholder development strategy and programme aim to strengthen the on-going Dutch involvement in Agriculture and Food Security, together with many other development partners, in the occupied Palestine Territories. The proposed strategy and programme is to be integrated into the next Multi-Annual Strategic Plan (MASP 2017-2020) of the Netherlands Representative Office (NRO) in Ramallah.

Land and water are the primary ecological inputs in agriculture and food production and the entangled management practices of these resources requires an integrated approach in implementation. Moreover, soil protection and soil fertility, water harvesting and conservation, irrigation technologies etc. are not only important domains of technological innovation but also of social innovation through producers' and users' associations (whether cooperatives or unions) in which the application of production and marketing planning, or in other words, business planning, needs to prevail. *Incl. FAS*

development entails investing in the continuum running from 'subsistence driven' to 'market driven' productivity. Given the complex realities and multi-stakeholder nature of Incl. FAS in the oPT, the identified Incl. FAS programme focuses on development investments particularly aiming at:

- Increased efficiency of water and land use;
- Continued up-scaling of production organisations and intensified sustainable productivity and profitability.

The Inclusive Food and Agribusiness Security Strategy and Programme in two components

The Inclusive Food and Agribusiness Security (Incl. FAS) Programme is fully compatible with the Multi-Annual Strategic Plan (MASP) 2014 – 2017 of the Netherlands Representative Office (NRO) of the Palestinian Territories (PT) as described earlier above. In order to realise outcomes and outputs within the framework of the Incl. FAS Strategy and its Programme, the NRO has developed two 'lines of implementation' of the programme referred to as programme components:

- Inclusive Access to and Sustainable Management of Land and Water Resources;
- Reform and development of Markets, Value Chains and Producers' Organisations.

Where possible, linkages for effective cooperation with other donor involved in Food Security programmes will be explored and established, using existing donor coordination mechanisms such as the Agricultural Sector Working Group and the Food Security Sector which includes more than 45 actors in the sector. Three specific points of attention are of importance when developing proposal to achieve objectives: 1. The assessment of which problems need to be addressed, how these could best be addressed, who could do this and how to combine capacity; 2. To outline which networks and actors are involved in this and what creates an enabling environment for activities; 3. To take into account how upscaling could be addressed best regarding suggested activities and ensure the enabling environment is most supportive. This approach has also been used during the formulation of the ToR. Regarding the design of the new Incl. FAS programme components, following point have been guiding:

- The new Food and Agribusiness Security Strategy of the NRO uses a much more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments;
- Based on the strategic plan for Inclusive Food & Agribusiness Security (Incl. FAS), further analysis of outcomes of past and on-going Food Security projects in the oPT, financed and implemented by the NRO and many other donors and development agencies, clearly indicate the need for more integral and inclusive development intervention and investment strategy. These interventions should address, positive, but at the same time, some of the negative impacts and implications of increased agricultural and food production and agribusiness, involving an ever increasing diversity and number of stakeholders and value chains;
- There is a wide spectre of concrete implications generated by the outcomes and impacts of previous projects which include agro-ecological, technological, socio-economical and socio-organisational challenges and needs that are to be addressed by the proposed Incl. FAS programme. Besides improved management of the basic Food and Agribusiness resources of land, soil and water, challenges concerning sustainable productivity, profitability and marketing are paramount in virtually all participating groups and POs of men and women;
- Specifically, the impact of 'increased and improved production' is creating benefits but also serious challenges, not in the last place at levels of the so-called 'project beneficiaries' of previous and ongoing programmes. As a consequence, the new programme components will continue to work – but not exclusively - with existing beneficiary groups and organisations that are now gradually 'discovering' the implications of improved production and other outcomes of their participation in the implemented development activities;
- Typical overarching challenges that are generated by 'increased and improved production' are the need for increased professionalization as well as increased investments in the Food and Agribusiness sector, which fuels even further the existing need for innovation and R&D in virtually all stages in a wide variety of food and agriculture value chains;

- Consequently, a sector-wide call for reliable and appropriate information, advice, knowledge and investment finance is becoming increasingly louder, not only for the sake of professional decision-making on technical innovation in the various stages of supply, production and value chains but surely also in the domains of efficient organisation and economic and business management. This need for support to appropriate decision-making by entrepreneurs, producers' organisations of men and women alike, is but one integral and common dimension of the two programme components of this Incl. FAS programme;
- The professionalization of all actors in the main food and agriculture value chains addresses challenges and needs for improvement of not only technical and managerial competences by producers and producers organisations alike, but also challenges and needs for economic up-scaling, efficiency and quality assurance in market-based supply and demand. Inclusive Markets are part and parcel of the Incl. FAS strategy objectives;
- The programme aims to enhance the above mentioned trends (innovation, professionalization and competent advisory services) by participatory on-farm piloting and experimentation that systematically put producer ideas, innovation needs and objectives in the centre of the piloting and learning, while farmer-to-farmer communication, exchanges and networking, through operational POs such as cooperatives and crop councils, will make the generated information and knowledge available to a wider peer group;
- By consequence, next to provision of services, the need to increase membership competence and capacities is to become another 'core-business' of operational POs and its leadership, requiring PO reforms and developments that are at the core of Incl. FAS;
- Moreover, it becomes increasingly apparent that investments in development of Incl. FAS cannot only depend on donor funds and that a much wider variety of financing institutions, funding sources and financial services need to be mobilised (and created or adapted to needs, where appropriate) and made accessible to the various groups of Incl. FAS stakeholders. In principle, sustained Incl. FAS depends on gradual economic growth and thus on financial investments with short term and long term capital that is to be provided by professional institutions such as MFIs, Saving and Credit Banks, Development Banks, Agricultural and Commercial Banks, specialised Capital Investment Funds, etc. Indeed, Inclusive Finance is part and parcel of the Incl. FAS strategy objectives.
- There is an apparent need for multi-stakeholder partnerships, including partners in business, research, development and innovation. The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnership is an on-going process enhanced by the 'discovery' of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined);
- The programme should give special attention to the opportunities in the local market in addition to the export market, i.e. contributing to a more balanced agri-food trade in the West Bank and Gaza Strip. The producers and value chain actors could achieve this through -among others- better informed decision-making dynamics based on systematic market assessments, information flow and outreach mechanisms;
- The programme will have, where relevant, a decentralised approach and separate objectives and activities for West Bank and Gaza Strip.

Financial and economic sustainability of the two programme components

Activities in both programme components, in line with the MASP 2014-2017 will be driven by processes of human, social, ecological and technological innovation and investments in Incl. FAS. Although the NRO programme budget will finance key elements in these processes, impact of scale must *also and especially* come from funding and financing of innovation and investments by other stakeholders and sources, not in the last place by private and collective lending to producers' organisations and MSMEs by a variety of MFIs and Banks operating in the Palestinian Territories. Focus on the Private Sector in the new programme should go beyond the cooperation with Agribusiness companies and include financial institutions as for both components there is a clear need for the ***inclusive finance of investments*** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

As in the previous projects, the new programme will strengthen its inclusive finance approach through its co-financing system whereby ownership and sustainability of investments is co-financed by the investors' own resources, i.e. the (groups of) participating beneficiaries contribute by e.g. 20 -30 % cash contribution and/or other valued in kind contributions, depending the type of investment.

The programme, through its various specific objectives and activities, will generate many more business and investment opportunities and needs by POs, SMEs and other groups of participants and beneficiaries; these investment needs are to be addressed also by other financial sources than the Incl. FAS budget and the investors' own capital.

Furthermore, the co-financing of political sensitive development actions and investments by a group or consortium of donors and development agencies, is expected to increase the investment sustainability and impacts.

Moreover, experiences in previous programmes also showed that the new Incl. FAS programme needs to make co-financing an explicit funding strategy of its various activities and investments. Here we distinguish:

- a. Co-financing of productive investments by programme participants and beneficiaries;
- b. Co-financing of programme activities through strategic partnerships with other development agencies and possibly other donors.

Ad a. In co-financing by groups and individuals we distinguish co-financing in *cash* from *in-kind* contributions to the project activities. With farmers and families involved in water and land reclamation activities this is already a common and established practice in the on-going projects.

Farmers in rain-fed production systems reported that their 20% contribution to the cost of land reclamation can be earned back in 2 – 3 years from revenues of sales from intercropping (e.g. sesame, beans) until the main crop (e.g. grapes, olives) comes into production.

Considering this kind of contributions rather a *medium* or *even long-term* investment, co-financing 40% of the land and water investment is more realistic and feasible.

Moreover, regarding productive investments in the Value Chain development, be it in infrastructure, technology and equipment for primary production, post harvest handling or storage and marketing, the co-financing share of investment costs should be calculated on the basis of the obligatory feasibility study and business and investment plan concerned.

Ad b. With co-financing by strategic partnerships, multiple goals and impacts can be reached in direct support of the Incl. FAS programme; here we mention explicitly:

- Increasing the number of planned activities (more of the same) through the effect of reduced own spending per activity and/or additional spending through supplementary financing and resource allocation by the partners in strategic partnership concerned;
- Strengthening the Incl. FAS strategy by the implementation of new supplementary activities and investments, not only in Value Chain development but also in food and non-food MSME development;
- Multi-donor financing of 'sensitive' investments in land and water will enhance diplomatic and political collaboration by parties concerned that are also involved in negotiating and supporting peaceful relations.

Section 2. Programme Component of Inclusive access to and sustainable management of land and water resources

Introduction

In previous and on-going NRO projects, many intervention objectives and activities concern sustainable increase and intensification of food crop production and marketing by various producers' groups and organisations.

In line with insights generated from these project outcomes and their impacts caused by increased production the Incl. FAS strategy needs to focus on professionalization of and in key food Value Chains and its stakeholders.

This Terms of Reference on Reforms and Development of Markets, Value Chains and Producers' Organisations is designed to respond to this need and simultaneously provides the Netherlands Representative Office (NRO) in the occupied Palestine Territories an innovative proposition to renew and enhance their current leading development role in strengthening Inclusive Food and Agribusiness Security in both the West Bank and the Gaza Strip.

Rationale

In conjunction with the *Inclusive Access to and Sustainable Management of Land and Water Resources Component* of the Incl. FAS programme, this *Reform and Development of Markets, Value Chains and Producers' Organisations* component focuses on the following domains of development interventions and investments:

At the level of Food and Agribusiness market organisation

A very wide range of marketing and market organisation issues and challenges have been brought up by participants in the Incl. FAS identification process and meetings (Groen and Koopmanschap, 2015 and Meeting Agenda, Appendix 2). Many of these challenges are not 'new' in terms of impact by the on-going Food Security projects.

This component will focus on structural problems of *market organisation* (for fresh and processed food) to start at local level (regional, governorate and town). Market intelligence and production planning will be big challenges to be addressed in conjunction with other project objectives and activities.

The many marketing challenges of fresh and processed products by individual groups, POs , including women's cooperatives, will also be addressed in conjunction with the value chain development activities as well as the PO reforms.

At the level of Value Chains

There is a need for more market oriented decision making in production processes and production chains. The programme will apply a crop strategising approach for new and existing promising food crops of high and 'wide' market demand and consumption. This market orientation is obviously not limited to so-called High Value Crops only; as, in principle, all highly consumed food products and crops are of high value or to be valued higher, in terms of development and added value.

Much more attention is needed to the opportunities and feasibilities of import substitution of agricultural supplies and inputs as well as fresh and processed food products; in order to achieve a better-balanced agri-food trade.

Efficiency in cooperation and win-win value creation is to be enhanced amongst 'upstream and downstream' stakeholders in the value chain, e.g. by linking transformation and food production enterprises with primary producers.

At the level of Producer Organisations

There is a need to develop business oriented POs (including all forms of producer groups, whether formal or informal, e.g. women cooperatives or unions) with capacities to produce and to cooperate in a market-oriented way.

One challenge is to break away from the historically embedded organisational culture based on a motivation to create cooperatives for other reasons than the development of competent and autonomous membership organisations in the Food and Agribusiness Sector. Linked to this challenge is the obvious need for functional and purposeful forms of organisation by producers. These forms are not limited to cooperatives only and can be shaped as (temporary or permanent) committees, functional groups, consortia and other forms that serve the purpose and goals of the group members. In this light, legal aspects of these organisations need to be addressed.

Another challenge is to create competent entrepreneurial management structures and systems which enable profitable POs to build up capital assets allowing them access to financial services required for investments and further growth.

Economical cooperation with other Private Sector enterprises in the domain of post-harvest and transformation and technical cooperation with R&D institutions are a logic consequence of ongoing professionalization.

At the level of farm and household production systems (PO members)

There is a growing need for sustainable practices of resources management (see the *Inclusive Access to and Sustainable Management of Land and Water Resources Component*) and efficient input use for profitable crop (and livestock) production. The programme needs to address the ongoing concern of sustainability and resilience at household and farm level. One aspect is to increase awareness and good agricultural practices in soil fertility and water management, another is linked to unwise use of (wrong) pesticides and chemical fertilisers.

Profitability of new crops (and return on investment) investments of other innovations will be enhanced through POs that are capable of organising and providing appropriate advisory services to their members.

For both components there is a clear need for **establishing multi-stakeholder partnerships**, including partners in business, research, development and innovation. This was mentioned earlier already in paragraph 1.4. The need for multi-stakeholder partnerships has been established a long time ago and has been confirmed during the identification phase of the Incl. FAS strategy and programme. Creating partnerships is an on-going process enhanced by the ‘discovery’ of opportunities and emerging needs. (Also during the 2nd bilateral Forum for Dutch-Palestinian partnerships, a wide range of potential multi-stakeholder partnerships have been suggested and examined). The programme will set up a number of collaborative pilots, at farm, at PO, at enterprise level and at value chain level and are linked to the specific objectives of both programme components. Also, the on-going pilots need to be evaluated on outcomes (contents), research methodology and partnership design, and lessons learned are to be integrated in the pilot designs.

For both components there is a clear need for the **inclusive finance of investments** and access to new financial services. The Incl. FAS programme offers much space and opportunity for cooperation and partnerships, also in the domain of investment financing in all its different forms, systems and modules.

Beneficiaries and participants

1. In principle, cooperatives to be involved in the various activities concerning this Reform and development component are to be selected from the lists of participants in the previous FS programme:
 - a. Leaders and members of existing Producers’ Organisations including farmers’ cooperatives, women’s cooperatives, rural women associations, producers’ associations and unions, farmers’ committees, crop councils as listed in or connected to the on-going Food Security programme and projects;

	West Bank	Gaza Strip ⁷
Women’s Cooperatives	23	6
Farmers’ Cooperatives	70	12

- b. Priority in business and marketing oriented reforms and development objectives and activities in POs will be given to the Women’s Cooperatives since many of these are involved in added value creation by processing and marketing and already have *significant* operational experiences in this regard.

⁷ Numbers (December 2015) are approximate and name-listed POs are to be reviewed on suitability criteria for participation in a given programme activity.

1. Farmers and farming families involved in the previous water and land reclamation activities (see also the *Inclusive Access to and Sustainable Management of Land and Water Resources Component*);
2. Water Users' Association farmer-members, as special groups or as members of existing Producers' Organisations, under objectives 1 and 2;
3. Members and Board members (or steering committee members) of the so-called Crop Councils (or product councils) such as the Grape Council, Olive Council etc;
4. From the proposed innovation pilots, crop strategising activities, Value Chain and market development activities, new (groups of) programme participants and beneficiaries may emerge; these pilots are composed of relevant stakeholders (partners) who constitute 'learning platforms' or 'learning spaces'.
 - a. Most pilots require collaboration of (small groups of) relevant partners, in one flexible combination or another which of course depends on the subject and objectives of the pilot and subsequently on the contributions expected by the stakeholders concerned;
 - b. Most probable partners are POs, Agricultural Universities or Agricultural Faculties /Departments, Agricultural Research Institutions, specialised NGOs, private sector companies and Business Associations, Donor and development agencies, relevant governmental and semi-governmental services;
 - c. Especially in Gaza, the identification, design and implementation of new pilot activities in urban agriculture will also generate new (groups of) programme participants and beneficiaries.

Section 3. Component objectives and activities

Overall component objective

The Development and Reform of Food and Agricultural Markets, Value Chains and Producers' Organisation programme component of Incl. FAS aims to:

1. Enhance professionalization and innovation of main groups and organisations of producers and other stakeholders in selected Food and Agribusiness Value Chains (this includes existing value chains or new ones considering sustainability potentials and market opportunities, such as the use of treated waste water for agricultural purposes);
2. Address various challenges generated by increasing sustainability, resilience and scales of economy in these Value Chains.

Specific objectives and proposed programme activities

1. Developing/reforming market organisation & improving market efficiency with stakeholders in selected Food Value Chains;
2. Food Value Chain Development and Crop strategising of selected crops and products & improved productivity and profitability:
 - a. At VC level, with selected VC stakeholders (from suppliers to transformers);
 - b. At PO level, with selected PO;
 - c. At farm level with selected PO members/families;
3. Reforming structures and strengthening capacities of Cooperatives and other Producers' Organisations;
4. Building effective partnerships, multipurpose platforms and consortia required for the achievement of these specific objectives.

Ad 1) Developing/reforming market organisation & increasing market efficiency with stakeholders in selected Food Value chains

- Building sector and product organisations (re. crop strategising objective) for professional marketing and access to and creation of (niche) markets in both domestic and export markets; cooperation with professional marketing stakeholders and enterprises;

- Structuring marketing cooperation by women's cooperatives producing a wide variety of transformed food products, and all working on increasing production (re. PO and VC objectives);
- Enhancing professional marketing of fresh products by POs and individual producers on (1) local markets (town level); (2) domestic markets (WB, East Jerusalem and GS); (3) neighbouring foreign markets (Israel, Jordan); and (4) other foreign markets (Gulf States, Europe);
- Improving the efficiency in organisation and management of local fresh markets: (1) understanding seasonal demands; (2) organising flows of goods and products; (3) production planning at sector and product levels (re. Market intelligence and PO organisation and partnership objectives on marketing and production);
- Linking POs to (existing) enterprises in food industry such as commercial partnerships and contract production and delivery to enable better use of existing production, storage and transformation capacities;
- Market intelligence for producers: generating and communicating market and consumer information on strategic and niche food products;
- Promoting Consumer awareness on 'Produced in Palestine' fresh and processed food products, including labelling ('Produced for Palestine', 'Produced in Palestine', 'Made in Palestine' etc.) and quality control;
- Creating a strong exporters' organisation of fresh products, capable of negotiating and handling logistical issues;
- Continuing the development support to appropriate semi-governmental and private sector institutions, organisations and legal frameworks of quality standardisation and quality assurance services accessible by POs (men and women) and SMEs.

Ad 2) Food Value Chain Development and Crop strategising of selected crops and products & improved productivity and profitability

- At Value Chain level, with selected VC stakeholders (from suppliers to transformers);
- At PO level, with selected PO;
- At farm level with selected PO members/families.
 - At Value Chain level;
 - Creating stakeholder consultations in selected Value Chains to examine effective forms of cooperation and creation of added value; removing bottle necks in flow of transactions;
 - Piloting stakeholder platforms (re. 'learning spaces') for identification, design, implementation, evaluation of innovative ideas and matters concerning VC efficiency, technology innovation (in conjunction with on-farm pilots);
 - Increasing existing sector and product cooperation amongst POs for efficient input supply and product marketing;
 - Enhancing local/domestic production and marketing of selected essential agricultural inputs for selected crops and products, based on market analysis and feasibility study; examples: commercial nurseries (WB and GS); tissue culture laboratories (Gaza); local seed banks (Hebron); commercial compost production with commercial dairy farms;
 - Assessing market opportunities and agro-ecological conditions of selected, promising and important food crops in Gaza and West Bank for import substitution, improved quality and (seasonal) consumers' access;
 - Enhancing the production of 'dual purpose' crops, varieties, products for domestic and export markets as based on previous experiences and pilots.
 - At Producers' Organisation level;
 - Creating capacity to organise partnerships for piloting innovations in production systems of selected crops (protected and rain-fed) and food products: Most produced crops/ Most consumed crops/ Most potential crops;
 - Creating and developing partnerships for building capacity of professional on-farm advisory service for members in selected (strategized) crops for the purpose of increasing sustainability by:
 - Increased efficiency in resource use (land, water, inputs etc.);
 - New production technologies;
 - Reduced production costs;

- increased farm productivity and profitability.
 - Exchanging knowledge and experience amongst farmers from Gaza and West bank (re. on-farm pilots and farmer-to-farmer extension by cooperative members).
- c. At farm and rural household level;
- participating in the design and implementation of innovation pilots on selected crops and products, in partnership with relevant VC stakeholders as organised and supported by POs (re. on-farm trials and pilots);
 - increasing sustainable management of essential production resources and assets such as land, soil fertility, water, trees, livestock; management improvements in land, soil and water will be coordinated with the relevant activities in the other Incl. FAS programme component;
 - strengthening resilience by increasing productive assets and diversifying economic and profitable activities;
 - stimulating effective participation in and ownership of POs and other product organisation
 - improving profitability and income generation in rural non-farming households depending on economic food and non-food activities;
 - exploring and implementing special initiatives in urban agriculture/horticulture, not only in Gaza but also in the bigger towns of West Bank.

Ad 3) Reforming structures and strengthening capacities of Cooperatives and other Producers' Organisations

- Organising a National Dialogue with relevant stakeholders to reform, upgrade and clarify the legal frameworks needed to enable and facilitate the establishment and reforms of functional farmers' and women's cooperatives and other POs and CBOs to operate in a businesswise and market oriented way as private sector enterprise or for-profit (or, where appropriate, not-for profit) organisation (engaging related ministries such as the Ministry of Labour, Ministry of Agriculture, Ministry of National Economy, Union of Agricultural Cooperatives and others);
- Gender mainstreaming that will take shape in line with the current institutional and organisational practice of building separate women-led and men-led POs;
- Organising professional advisory services aiming to strengthen and reform cooperatives' and POs' organisational capacities and competences, modernising cooperative leadership as well as cooperative membership;
- Professionalising entrepreneurial management of on-going membership services and post-harvest activities (grading and packing facilities, cooling facilities, logistics, etc.) undertaken by POs and making these (more) profitable;
- Creating and stimulating entrepreneurial and business oriented management capacity to develop market oriented and profitable core-activities and paid member services;
- Introducing business management strategies to build cooperative owned operational cash flows and capital for investment;
- Introducing feasibility, business and investment planning competences in PO management;
- Enhancing effective cooperation between POs (re. Market and VC objectives) on:
 - Production planning of main crops in the area (re. Market reforms);
 - Efficient input procurement;
 - On-farm advisory and information for cooperative members;
 - Post-harvest handling ;
 - Selling and marketing;
- Elaborating and implementing a strategy to revitalise existing and/or create new crop and product councils (re. Value Chain Development and crop strategizing objectives);
- Creating and exploring commercial partnerships for professional training & advisory services in Food & Agribusiness for POs, SMEs and other clients.

Ad 4) Building effective partnerships, multipurpose platforms and consortia required for the achievement of the above mentioned specific objectives⁸

- a. At Food Markets;
- b. In Food Value Chains;
- c. At Producers' Organisation.

a. **Building partnerships and platforms by market stakeholders** for the reforming and development of selected Markets; in this context 'market' has two meanings: (1) the system of marketing and trading a product or type of products and (2) the physical market place where these products are handled and traded/sold. Both systems include soft and hard organisation;

- Testing forms of stakeholder cooperation such as contract farming between primary product PO's and food processing enterprises; re also partnerships in VC development;
- Pilots by POs – intermediate merchants – wholesalers - retailers - local market authorities for:
 - More efficient handling, packing, storage and logistics for reduced post-harvest losses and decreasing the farm gate-consumer price gap;
 - Market intelligence models, in cooperation with IT companies;
 - Primary production planning (fresh) to stabilise price fluctuations to acceptable levels and avoid (seasonally) uncontrolled price falls and losses;
 - Stopping uncontrolled product dumping as the expense of local producers.
- POs – Food industrialists – business associations - marketing promotion agencies: organising consumers' oriented promotion campaigns of Palestine Food (products, recipes, etc.).

b. **Building partnerships and platforms in development of selected Food Value Chains** and crop strategising⁹ amongst selected and relevant VC stakeholders such as POs – PO members – specialised NGOs (programme sub-contractor) – Research Organisations – Companies and Businesses in input supplies, post-harvest handling, transformation, marketing, that collaborate, participate and contribute to:

- Designing, implementing and monitoring on-farm innovation pilots in efficient resource use and management, new technologies in food (& feed!) crop production, as well as of input plant materials and new varieties, with interested (groups of) producers, preferably cooperative members and irrigation water users;
- Analysing post-harvest handling and designing / implementing pilots in reducing post-harvest losses of strategic crops;
- Pilots on creating added value by producing new products from agricultural and food processing residues ("waste") in existing food processing chains; examples:
 - Conservation and transformation of fresh dates (Hayani variety, Gaza);
 - Olive cake to make other products;
 - Extraction of essential oils from herbs such as thyme, oregano;
 - Pilots in renewable energy from residues and waste water (re. Land, Soil and Water component)
- For initiatives, partnerships and pilots in urban agriculture/horticulture, often characterised by short and direct producer-consumer lines and compact value chains of integrated space, technology, production resources, waste/residue use, consumption of fresh and minimally transformed and packaged products; here typical partnerships include relevant stakeholders in inputs and technology supply, producers, SME businesses (e.g. restaurants, school and office canteens, take-away) and market agents, local (planning) authorities, all depending the kind of productions and products.

⁸ In fact, the entire Incl. FAS programme and components' design and implementation is rooted in various multi-stakeholder partnerships and consortia, including Governmental Organisations, NGOs and CSOs, University and Research organisations and Private Sector organisations. Re. Chapter 6 on the Programme Management Unit

⁹ We define '**crop strategizing**' as a multi-stakeholder planning and implementation process from market (demand) to production (offer), of the value chain a particular (strategic) crop or food product.

c. **Building partnerships and platforms in development of Producers' Organisations** here we mean partnerships amongst POs as well as between PO's and other stakeholders as relevant for a particular objective, purpose or activity:

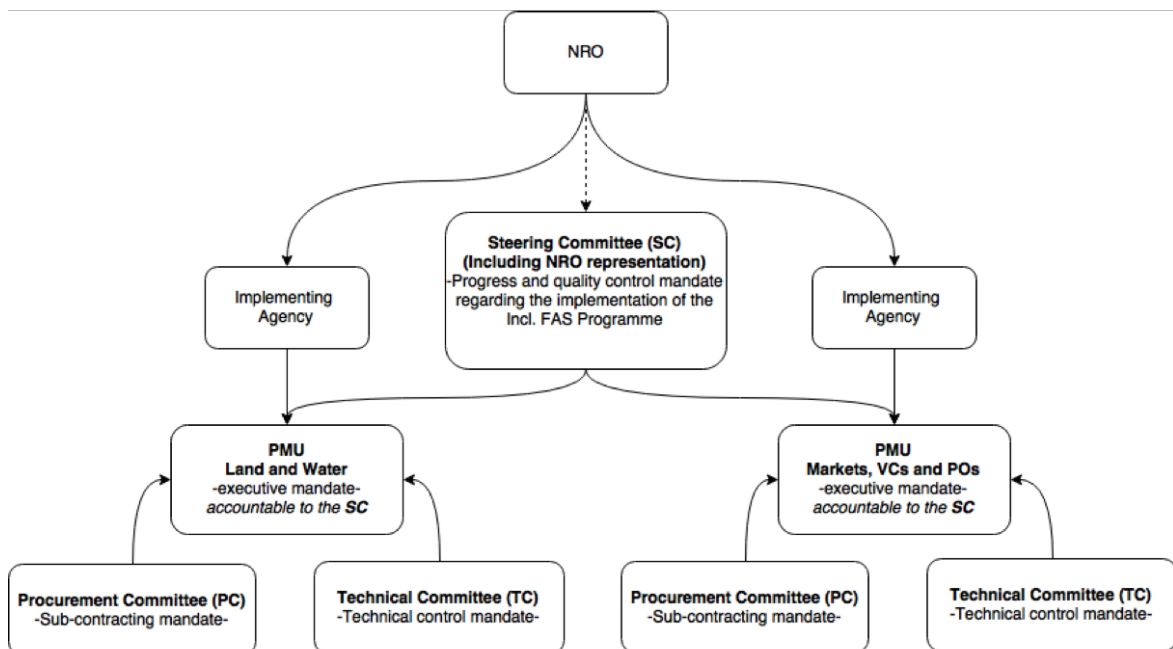
- In PO reforms and capacity building, gender main streaming will take shape in line with the current institutional and organisational practice of building separate women-led and men-led PO's; besides participation in VC platforms as mentioned under VC partnerships;
- Consortia of Women POs - Rural Women NGOs – (semi-governmental) marketing and trade associations – retail businesses in order to create product oriented cooperative structures amongst POs;
- Consortia of Farmers' Organisations creating 'cooperative enterprises' specialised in collective membership services such as:
 - Purchase and distribution of quality inputs, backed up by commercial suppliers;
 - Supply of reliable information and relevant advisory activities;
- Technical advice, in partnership with universities, specialised NGOs and possibly governmental extension (re. partners in on-farm pilots and farmer-to-farmer extension);
- Business management advice, in partnership with specialised NGOs and **MFIs**;
- Marketing advice with specialised stakeholders in both 'soft' organisation (e.g. 5 P market mix) and 'hard' organisation (cooling facilities, grading and packing houses, storage and logistics).

Section 4. Programme Management and Monitoring & Evaluation

PMU structure and organisation

The mainframe of the current Programme Management Unit (PMU), is to be maintained for both Incl. FAS components of respectively 'Land, Soil and Water' and 'Markets, Value Chains & Producers' Organisations'.

Please see figure below.

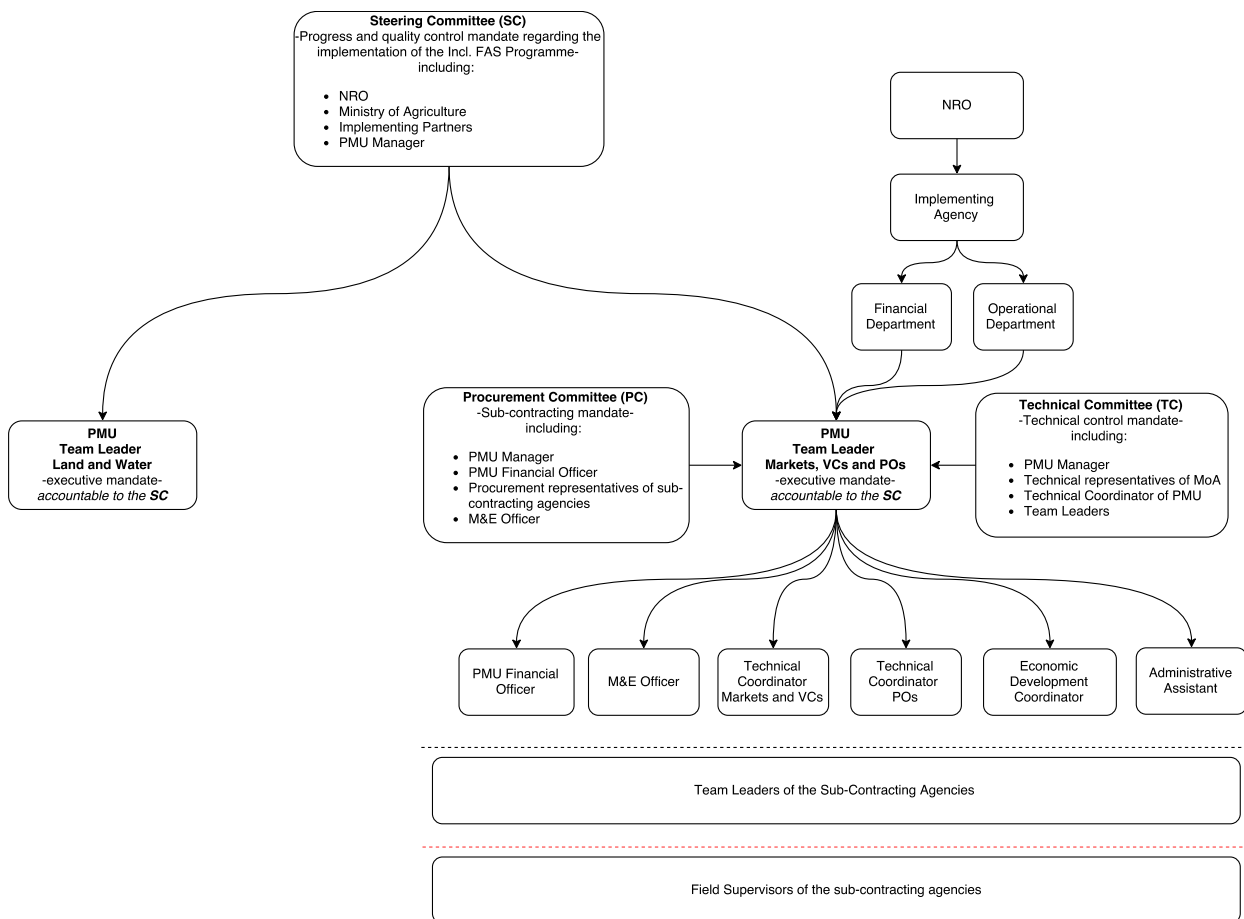


Based on on-going management and operational practices few improvements of the PMU organisational system have been made for the implementation of specific programme activities.

In fact, the PMU is a multidisciplinary team of professionals from various implementing organisations, responsible for the contracted programme implementation. Hence the new Incl. FAS programme will be implemented by two PMU teams, one for each programme component.

The PMU structure for the Incl. FAS Programme as a whole – as shown in the chart above – is composed of the operational team led by a programme component manager or team leader who is selected by the lead-contractor in conjunction with the NRO. This operational team is supported by two committees, respectively a Technical Committee (responsible for technical quality of the programme) and a Procurement Committee (responsible for purchases of equipment and services for the programme). The entire PMU is accountable to the Steering Committee (responsible for progress and quality control of programme strategy, implementation and executive M&E).

A more detailed PMU structure for the Reform and Development of Markets, Value Chains and Producers' Organisations component is provided below.



Clearer specification of tasks and mandates within the PMU will be necessary, to help to avoid misunderstanding and conflicts, but also increase operational efficiency by avoiding duplications in duties, task performance and other resource usage. Consequently, this clarification can best be done at the time of the Contribution Agreement process initiation, organised and directed by the NRO, involving the invited interested implementing organisations.

Main subjects of clarification during the Contribution Agreement talks and negotiations are:

- Mandates and composition of the three Committees;
- Role of lead-contractor and its relations with sub-contractors;
- Role and job description of the assigned team leader;
- Job descriptions of the other PMU and sub-contracting staff;
- Basic guidelines and possibly protocols for the internal PMU organisation and conflict handling.

Organisation of executive Monitoring & Evaluation

First activity after finalising the Contribution Agreement process, the NRO, the selected and recruited PMU staff and Committee members will hold a workshop to design and elaborate the adapted and comprehensive system for executive M&E of the component. This design workshop will decide on all the operational parts of an M&E system, including:

- Prime users and destinations of the Incl. FAS programme M&E information and outcome and their information needs regarding the programmes;
- Formulation of clear M&E purpose and objectives which are in line with users' needs and programme specific objectives and core activities;
- Efficient M&E methods and lean tools, for both information gathering and analysis of gathered information; design of tool contents – nature and quantity of information - will be component specific and in line with the nature of the programme activities to be monitored;
- Critical choices of primary M&E information providers/producers;
- Attention for M&E integration into the two programme components where possible; avoiding duplication and redundancy in information gathering;
- One professional M&E officer (M/F) for both programme components, thus creating a transparent link between programme execution and outcomes by the two PMU teams.

Contracting local implementing organisations

In previous and on-going Food Security projects of the NRO, many partners have proven to be highly competent in providing development services in various domains of socio-economic and technical development intervention as required for the Incl. FAS Programme.

This implies that the NRO can rely increasingly on available competent partners, whereby, when needed, additional specific experiences and knowledge can be included through hiring occasionally external expertise in support of the implementation of the proposed Incl. FAS programme activities.

To initiate the implementation of the Incl. FAS programme by the two PMU teams, the NRO will start a Contribution Agreement procedure. With reference to the programme component TORs, a selected number of interested parties will be invited to prepare and negotiate a proposal for implementation of the programme component concerned.

Based on on-going experiences, the estimated overhead costs for the implementation of the two programme components are not identical and should be in line with expected requirements of human and other resources, depending the nature of the planned interventions.

As to be decided during the Contribution Agreement process, the acceptable overhead costs for the 'Land, Soil and Water' component will be lower than for the 'Markets, Value Chain and Producers' Organisations' component. The latter expectantly requiring much more human resources, its overhead can be limited at maximum 30% of its budget provisions, while the former component can be limited at maximum 20%.

Evaluation criteria for implementing organisations

Invited parties that express interest to lead and/or participate in one of the programme components, are to be evaluated and selected by the NRO and the PMU Steering Committee according to the following criteria:

<i>Evaluation criteria:</i>	<i>Score:</i>
On experience Palestine:	
▪ To have at least 5 years experience in the Palestinian context;	5 pt
On technical capacity and experience:	
▪ To have at least 10 years trans-sectoral experience in the professional and technical content of the component;	10 pt
On organisation capacity and values:	
▪ To have traceable experience in multi-stakeholder cooperation	5 pt
▪ To have the competence to build consensus;	5pt
▪ To have the ability to connect and collaborate with both the PA public sector and the Palestinian and international private sector;	5 pt
▪ To act according to high standards in transparency and accountability;	10 pt
▪ To be able to mainstream gender issues;	3 pt
▪ To be able to hire and manage human resources for the key positions in the project;	3 pt
▪ To have the ability and flexibility, to hire additional external human resources;	3 pt
On financial capacity:	
▪ To have a traceable financial turn-over(2013-2015) that justifies the implementation of attributed activities of the component;	5 pt
▪ To be able to administer both financial and in-kind contributions of producers and producer organisations;	3 pt
▪ To be able to collect co-financing contributions of producers or producer organisations;	3 pt
On administrative and logistic facilities:	
▪ To have administrative and logistic facilities available to run the activities according to the regulations of the NRO;	10 pt
Specific for the Reform and Development of Markets, Value Chains and POs Component of the Incl. FAS Programme:	
▪ To have the capacity to elaborate, adapt and apply tools for PO assessment, capacity building, business planning, value chain and market analysis;	5 pt
▪ To have proven capacity to effectively access and transfer international agrifood market standards and related knowledge to the Palestinian value chain actors	5 pt

Furthermore, the implementing agency and its sub-contractors:

- Fully agrees with NRO's Inclusive Food and Agribusiness Security Strategy;
- Fully agrees with NRO's financial and budget regulations;
- Is expected to take the project as a business development project rather than a humanitarian intervention;
- Endorses the autonomy of producers' organisations and other Incl. FAS participants.

To explore
the potential
of nature to
improve the
quality of life



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The Centre for Development Innovation works on processes of innovation and change in the areas of food and nutrition security, adaptive agriculture, sustainable markets, ecosystem governance, and conflict, disaster and reconstruction. It is an interdisciplinary and internationally focused unit of Wageningen UR within the Social Sciences Group. Our work fosters collaboration between citizens, governments, businesses, NGOs, and the scientific community. Our worldwide network of partners and clients links with us to help facilitate innovation, create capacities for change and broker knowledge.

The mission of Wageningen UR (University & Research) is 'To explore the potential of nature to improve the quality of life'. Within Wageningen UR, nine specialised research institutes of the DLO Foundation have joined forces with Wageningen University to help answer the most important questions in the domain of healthy food and living environment. With approximately 30 locations, 6,000 members of staff and 9,000 students, Wageningen UR is one of the leading organisations in its domain worldwide. The integral approach to problems and the cooperation between the various disciplines are at the heart of the unique Wageningen Approach.

